



City of Houston, Texas

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2015

Ronald C. Green, City Controller



The screech and mechanical uproar of the big city turns the citified head, fills citified ears—as the song of birds, wind in the trees, animal cries, or as the voices and songs of his loved ones once filled his heart. He is sidewalk-happy.

Frank Lloyd Wright

A city is a place where there is no need to wait for next week to get the answer to a question, to taste the food of any country, to find new voices to listen to and familiar ones to listen to again. The city as a center where, any day in any year, there may be a fresh encounter with a new talent, a keen mind or a gifted specialist—this is essential to the life of a country. To play this role in our lives a city must have a soul—a university, a great art or music school, a cathedral or a great mosque or temple, a great laboratory or scientific center, as well as the libraries and museums and galleries that bring past and present together. A city must be a place where groups of women and men are seeking and developing the highest things they know.

Margaret Mead

Brief descriptions of the photographs on the tab pages of the 2015 CAFR can be found on the inside back cover.

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CITY OF HOUSTON, TEXAS





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Office of the City Controller

Houston City Controller Ronald C. Green is the second highest elected official in Houston City Government (the “City”) and its Chief Financial Officer. The Office of the Houston City Controller superintends the fiscal affairs of the City. This includes conducting audits, managing investments and debt, preparing financial statements and providing leadership on policy issues pertaining to the City’s financial health. Controller Green thus serves as an independently elected “financial watchdog” over City government’s fiscal affairs.

The Treasury Division is responsible for managing the City’s \$3.5 billion investment portfolio in accordance with state law and the City’s investment policy. Fitch has awarded the City’s general investment its highest portfolio rating, AAA. The Treasury Division is also responsible for overseeing a debt program of approximately \$13 billion. The City has multiple general obligation commercial paper programs with total authorization of \$875 million. The current issuance capacity of the commercial paper programs is \$725 million which is supported by credit facilities or lines of credit. Additionally, the City has an appropriation facility supported by a forward bond purchase agreement in the amount of \$150 million. The City has seven auction-rate security issues, six series of variable rate demand obligation bonds, three SIFMA indexed notes, and two interest rate swaps with a total notional amount of \$902 million and credit agreements totaling \$ 2.65 billion. The City’s general obligation debt is rated Aa2 by Moody’s; AA+ by Standard and Poor’s; and AA by Fitch Ratings. In its most recent general obligation ratings report, Moody’s cited the City’s large tax base, demographic trends and above average economic outlook as strengths. Standard and Poor’s affirmed the City’s AA rating on its general obligation debt based on the City’s “sizable, deep, and diverse economic base.”

The Audit Division adheres to recognized professional auditing standards (Government Auditing Standards and International Standards as issued by the Institute of Internal Auditors). During Fiscal Year 2015, the Audit Division engaged in twenty-three (23) Audits and Special Projects that produced eight (8) Audit Reports as posted on the Controller’s website. The audits and projects performed focused on risk assessment, contract compliance, performance and efficiency, process reviews, ongoing monitoring, consideration of fraud, waste or abuse, and quality assurance. These efforts resulted in city-wide policy and procedure changes, improved processes, and approximately \$500,000 in hard dollar recoveries. The Audit Division also provided updates to the City Controller regarding compliance efforts, fraud, waste or abuse reports and quality assurance results. In the most recent peer review, the Association of Local Government Auditors (ALGA) concluded “the internal quality control system of the Office of the City Controller’s Audit Division within the City of Houston was suitably designed and operating effectively to provide reasonable assurance of conformance with the Standards”.

The Operations and Technical Services Division is responsible for funding certification for contracts; accounts payable (AP), vendor payments and cash disbursement; bank accounts and travel advances, monthly reconciliation, review and approval of City-wide personnel action requests (PAR); payroll payments processing; City-wide contract, financial and accounting records retention and imaging retrieval; vendor liaison function; the Controller’s Office information technology (IT) operations and related administrations. In the coming year, the division’s goals are to develop AP streamline processing via an on-line vendor invoice interfacing feature in SAP-AP module with the related City-wide teams to reduce manual effort; continue to coordinate the City’s move to a paperless approval system for invoices and encouraging direct deposit payment by City vendors and employees; replace current out of date document retrieval system with an efficient and sufficient system and a high speed engine for server operation.

The Financial Reporting Division is ultimately responsible for the preparation of both the Monthly Financial and Operations Report (MFOR) and the Comprehensive Annual Financial Report (CAFR), although every division of the City Controller's Office contributes to the CAFR effort. The CAFR is available on the City Controller’s website: www.houstoncontroller.org and on a USB drive upon request. The division also produces the annual Trends Report.



2015 CITY OF HOUSTON Comprehensive Annual Financial Report



Ronald C. Green
Houston City Controller

Ronald C. Green was elected Houston's City Controller on December 12, 2009, after serving three terms on Houston City Council, At-Large, Position Four. On City Council he chaired the Budget and Fiscal Affairs Committee, overseeing the City's annual budget of nearly \$4 billion. He was unopposed for his second term as City Controller which began January 2012 and was re-elected for his third and final term in November 2013. As Controller, Mr. Green has the following responsibilities:

- Accurately and timely reporting on the City's financial condition;
- Assessing the City's future financial condition with accurate forecasts of projected revenues and expenses;
- Certifying to City Council that funds are available for all appropriations and commitments of funds and keeping accurate books of account to reflect these commitments;
- Certifying that vendors with City contracts are not delinquent on City taxes;
- Auditing the financial activities of City departments;
- Ensuring that every City dollar is fully and wisely invested at all times; and
- Serving as the financial voice for City government and informing the citizens.

As City Controller, Mr. Green oversees a \$13 billion debt portfolio and over \$3 billion of investments. With rates at historic lows during the past three years, the Controller's Office has sought out several refinancing opportunities that have generated over \$500 million in savings without extending the life of the debt. In addition to management of the City's treasury functions, every payment issued by the City of Houston is processed by the Controller's Office. The Office also prepares several reports to provide financial data and operational statistics regarding the City, including the Monthly Financial and Operations Report, The Comprehensive Annual Financial Report, and an annual Trends Report.

The Controller's Office also includes the Audit Division, which has primarily concentrated on identifying inefficiencies and evaluating the City's outside contracts. Through Audit's efforts during Mr. Green's tenure as Controller, the City has realized \$7 million in savings.

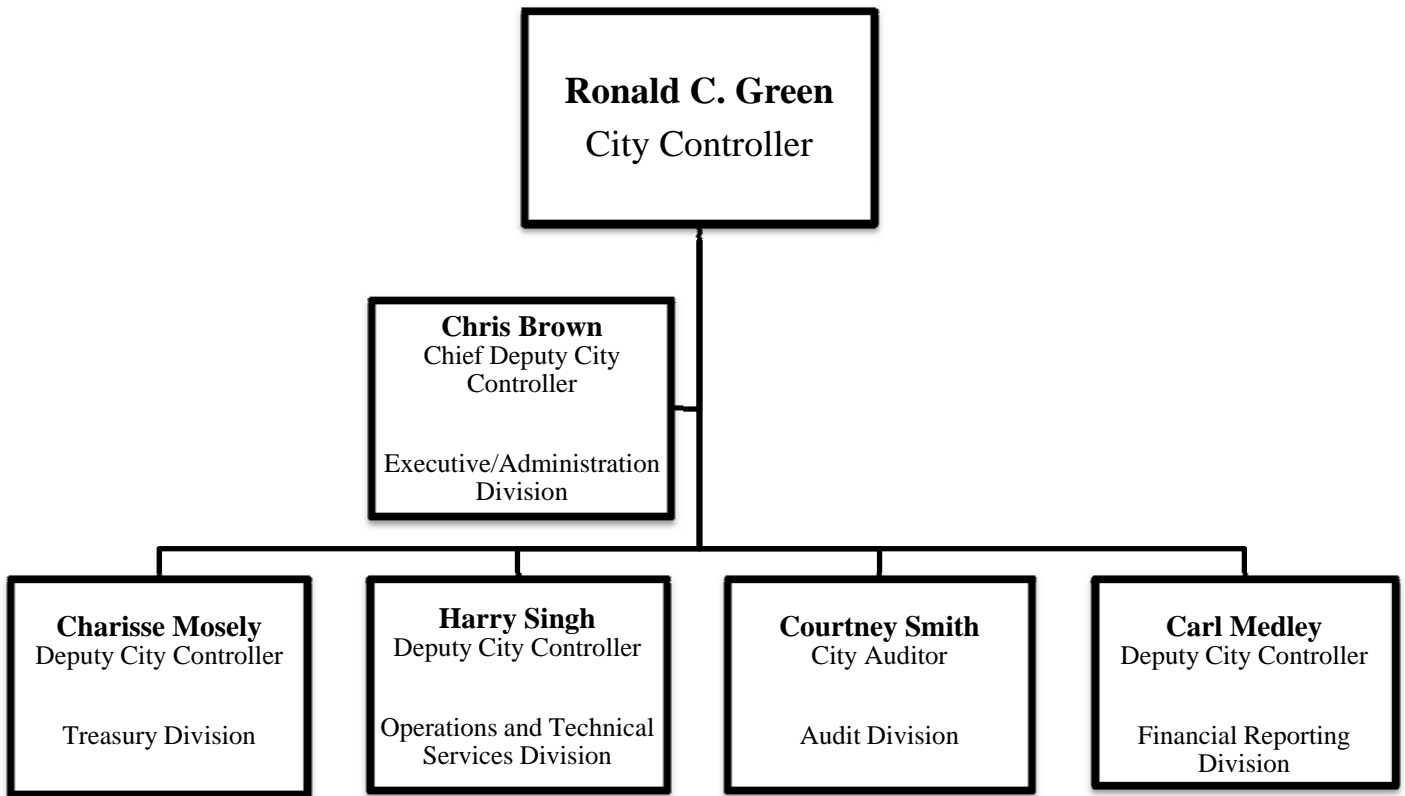
Mr. Green is a native Houstonian. He earned both a Bachelor of Science and a Master of Business Administration from the University of Houston, as well as a law degree from Texas Southern University's Thurgood Marshall School of Law. He is also a licensed real estate broker.

Mr. Green is a founding partner of his own law firm and is a member of the Government Finance Officers Association, National Association of Bond Lawyers, the Houston Lawyers Association, Alpha Phi Alpha Fraternity, Inc., and 100 Black Men of America, Inc. He was elected to the National League of Cities Board of Directors in November 2013 and was appointed to the Governmental Accounting Standards Advisory Council (GASAC) in January 2014.



City of Houston

The Office of the City Controller





**2015 CITY OF HOUSTON
Comprehensive Annual Financial Report**

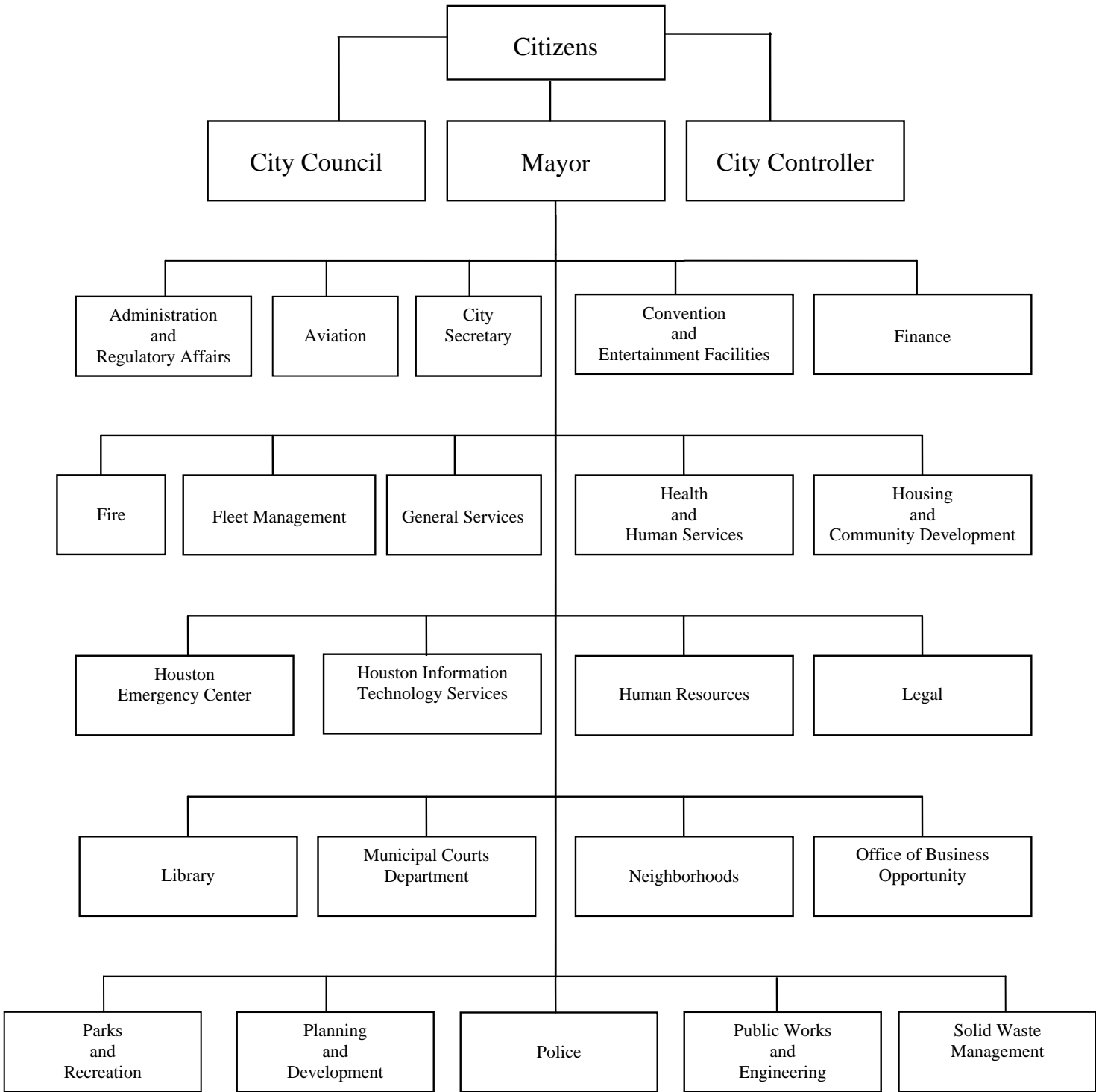
Elected Officials City of Houston, Texas



2015 Houston City Council, Front row, left to right: Mike Laster, District J; David Robinson, At-Large Position 2; Ellen Cohen, District C; Richard Nguyen, District F; Ed Gonzalez, District H; Annise Parker, Mayor; Ronald Green, City Controller; Oliver Pennington, District G; Brenda Stardig, District A; Dave Martin, District E; Michael Kubosh, At-Large Position 3; back row, left to right: Larry Green, District K; Stephen Costello, At-Large, Position 1; Dwight Boykins, District D; Jerry Davis, District B; C.O. Bradford, At-Large, Position 4; Robert Gallegos, District I; Jack Christie, At-Large, Position 5.



Organization Chart City Government



CITY OF HOUSTON, TEXAS



Office of the City Controller
City of Houston, Texas



Ronald C. Green

December 2, 2015

Citizens of Houston, Honorable Mayor and City Council Members:

I am pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Houston (Texas) (the City) for the year ended June 30, 2015, including the independent auditor's report prepared by McConnell & Jones/Banks, Finley, White & Co. The CAFR was prepared by the City Controller's Office and satisfies my responsibilities under the City Charter and State law. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects and is organized in a manner which fairly sets forth the financial position and results of operations of the City as measured by the financial activity of its various funds.

The City's management is responsible for establishing and maintaining a system of internal controls designed to provide reasonable, but not absolute, assurance that the assets of the City are protected from loss, theft or misuse, and for the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

The CAFR is presented in three sections. The Introductory Section includes this transmittal letter, a list of elected City officials, and organizational charts for the Office of City Controller and for City government. The Financial Section includes Management's Discussion and Analysis (MD&A), basic financial statements, combining and individual fund statements and schedules, as well as the independent auditor's report on the basic financial statements. The Statistical Section includes selected financial and demographic information generally presented in a multi-year basis.

The Basic Financial Statements of the City include all government activities, organizations and functions, including those legally separate organizations for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

These financial statements have been prepared in accordance with generally accepted accounting principles for local governments as prescribed by the GASB.

The Reporting Entity and Its Services

The Mayor serves as the Chief Executive Officer of the City. The City Controller is the second-highest elected official within City Government and serves as the City's Chief Financial Officer. The legislative body of the City is the City Council, which consists of the mayor, eleven district members and five at-large members. In November 2015, voters approved a proposition changing the terms of Mayor, Controller and Council members to four years, with a limit of two terms, effective January 2016.

The City provides a full range of municipal government services including police and fire protection, emergency medical services, pretrial detention services, traffic and municipal courts, water production and distribution, solid waste collection, sanitary code enforcement, wastewater treatment, health and human services, building and maintenance, parks and recreation, library, convention and cultural activities, and operation of three municipal airports, George Bush Intercontinental Airport, William P. Hobby Airport and Ellington Airport.

The City does not operate hospitals, schools, transportation systems or higher education systems. Special districts and governmental entities with independent taxing authority are responsible for administering these services.

History and Population

Houston was founded on August 30, 1836, by New York real estate brokers John Kirby Allen and Augustus Chapman Allen. The Allen brothers paid \$9,428 for 6,642 acres of land at the headwaters of Buffalo Bayou. About a year later, General Sam Houston, the first president of the Republic of Texas, authorized Houston to incorporate. For the next four years Houston was the capital of the Republic. In the early years, cotton and the railroad were the key drivers of Houston's economy. That changed in 1901 with the discovery of oil at Spindletop in Beaumont, Texas. Energy is still king but the area's economy is now also supported by other major drivers, including the Port of Houston, the Texas Medical Center and NASA's Johnson Space Center. Houston also has a number of fine colleges and universities.

At the time of the first census in Texas in 1850, Houston had a population of 2,397 and Galveston, a bustling port 45 miles south of Houston, was the state's largest city. Today, Houston is the largest city in Texas and the fourth largest city in the U.S. In this first decade of the new century, a quarter million people from other U.S. cities and towns have relocated to Houston. Houston, with more than 2.1 million people, is a melting pot of ethnicities where no single group comprises a majority. The City is the seat of a burgeoning metropolitan area encompassing six counties with a total population approaching 6 million.

Budgetary Information

In accordance with State law and the City Charter, Houston City Council shall, in collaboration with the mayor and City departments, adopt balanced budgets each year for the General Fund, Debt Service Fund, Special Revenue Funds, Internal Service Funds and Proprietary Funds. Exceptions are the Grant Revenue, Disaster Recovery, Health Special and Housing Special Revenue Funds, for which City Council adopts separate operating or program budgets throughout the year. The City also does not budget capital projects and other capital expenditures related to the General Fund. Instead, City Council authorizes these expenditures through individual appropriation ordinances.

Proprietary Fund budgets, also called Enterprise Funds, exclude depreciation and amortization expenses. These Proprietary Fund budgets include debt service and capital equipment costs, but exclude buildings and improvements, with the exception of Aviation, which budgets its current year expenses for these projects. As with the General Fund capital projects, approval of each Proprietary Fund capital project is accomplished through individual appropriation ordinances. No City expenditures may be made without an appropriation. City Council can legally appropriate only those amounts of money that the City Controller has previously certified are, or will be, in the City treasury.

Although the legal level of budgetary control is at the departmental level within a fund, the City maintains internal budgetary control at the expenditure category (i.e., Personnel Services, Supplies, Other Services and Capital Outlay). Budget control is primarily managed using an automated encumbrance and accounts payable system.

The City is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, “Audits of State and Local Governments and Non-profit Organizations,” and the State of Texas Uniform Grant Management Standards. These audits are conducted simultaneously with the City’s annual financial statement audit. Information related to these Single Audits, including the schedules of federal and state financial assistance, findings and recommendations, and auditors’ reports on the internal control structure and compliance with applicable laws and regulations is included in separate Single Audit reports.

The Area’s Economy

The Houston metropolitan area’s economy—measured by employment, population growth, purchasing and new construction—has a very real impact on the City of Houston’s service delivery. It was just four years ago that the City laid off 745 employees and curtailed services at the libraries, parks and several other areas because the nationwide recession finally affected us. The City’s two major revenue sources, property and sales taxes, were significantly down in 2010 and 2011. Houston emerged from that recession before any other U.S. city in 2012 (citing employment gains). As we emerged from our recession, home prices began climbing, vehicle sales increased and in July 2014, the first month of our 2015 Fiscal Year, WTI oil prices had climbed to \$103 a barrel. Importantly for the City, our property and sales tax revenues rebounded 25 and 42 percent respectively, the best of any U.S. city. We began Fiscal Year 2015 with a pretty positive outlook.

Houston’s economy has dramatically diversified over the past 30 years; nevertheless, the current downturn in oil prices has had a real slowing effect on our economic growth. The production of energy sources continues to be—and probably always will be—the dominant industry here. We are currently experiencing the fifth oil-related downturn in the past three decades. As we end FY 2015, both the price of oil and the number of active rigs are half of what they were at the beginning of FY 2015. Moody’s Investor Services predicts oil prices will remain low and climb to perhaps \$52 a barrel in 2016, \$60 in 2017, so the outlook is not particularly positive.

However, Houston is also the global leader in petrochemical production, and unlike the energy sector Houston’s petrochemical industry is booming. Houston has the cheap natural gas, the knowledge and expertise base, the infrastructure and the Houston Ship Channel—a near-perfect combination for production and distribution of petrochemical products. The American Chemistry Council counts over 240 current petrochemical construction projects in the U.S. with an investment of over \$147 billion over the next eight years—99 of those projects in our area with a value of \$48 billion. Dow Chemical, Chevron Phillips Chemical and BASF are investing billions in Houston, and shipping ethylene and polyethylene plastics to virtually every country in the world.

Employment: It should not be surprising that this past year Houston had the distinction of hiring more white-collar professionals than any other city—and the distinction of firing more of them. Again, the volatility of our energy industry. But, overall, employment during the City’s fiscal year was fairly positive, with 57,200 new jobs in the metro area, a 2.1 percent gain over the previous year. However, most of those jobs came before the end of the calendar year 2014. Houston’s population growth contributed to job growth in a number of sectors—hospitality, business services, health care and information services; the downturn in energy in 2015 saw losses in manufacturing, government, mining and logging, retail, construction, warehousing, transportation and finance. If the losses continue, as I expect them to, the total new jobs for Houston will probably be about 30,000 for the calendar year 2015, compared to 104,000 in 2014 and 89,000 in 2013. Job growth may well be flat in 2016.

On the positive side, for those who rode out the ups and downs of the energy industry these past 30 years or so, the ride was probably worth it: net personal income in Houston rose nearly 8.5 percent annually over those years, far ahead of any other U.S. metro area.

Housing: Home sales declined slightly during the year, off 4 percent from 2014, which was a record year in both number of sales and price of housing; the average price of a single family home is at an all-time high here, \$292,000. The rising price of single-family homes here reminds us that most large U.S. cities are seeing disparity in affordable housing; certainly Houston is nowhere near a few large cities in the U.S. where it is virtually impossible to find a SFH under \$300,000.

Property and Sales Taxes: Property tax is the City's single largest source of revenue. FY 2015 was the first year the City was affected by the Proposition One revenue cap, which mandated lowering the tax rate and causing a loss of \$57 million in tax revenue. The loss will be significantly higher in FY 2016.

As we ended FY 2015, we had our first month (May 2015) of declining sales tax. Comparing the sales tax in the final five months of the FY (average rate, 2.07 percent growth) to the five months preceding (8.1 percent growth) does cause some concern. Certainly the downturn in the energy sector will continue to affect the business-to-business sales tax, about half of all the sales tax revenue.

Even in the best of times, a city in "growth mode," –which is an appropriate way to view Houston in terms of employment, population growth and housing demand—finds it difficult to keep up with the growing demand on services such as street repairs, drainage, police patrols, library materials, clinic hours, heavy trash removal, inviting parks and recreation sites, cultural events... The list of services is long, and those services are frequently taken for granted. But people live in cities precisely because of these services, many of which are really amenities.

Financial Policies and Planning

The City has had formal financial and budgetary procedures in place since 1987. They require, among other things, a balanced budget, annual review of all fees and charges, funding of employee pensions and other benefits in a manner that systematically funds liabilities and maintenance of an Unassigned Fund Balance in its General Fund of a minimum of 7.5 percent of total expenses less debt service. Any funds in excess of 7.5 percent of total expenses less debt service are available for non-recurring expenses.

A 1983 resolution adopted by City Council requires the Mayor to develop and submit annually to the City Council for approval a continuous five-year Capital Improvement Plan (CIP). Each year, the Mayor must review the CIP, revise it as necessary, and obtain approval and adoption by City Council. The 2016-2020 CIP calls for the appropriation of \$8.72 billion over the five-year period for both enterprise and property tax supported projects. About \$7.1 billion of this total will be paid for with income generated by the self-supporting enterprise funds. The rest will be funded with tax-supported public improvement bonds approved by Houston voters.

The City's financial policies further require that capital projects or equipment purchases funded through the issuance of bonds or other obligations will be financed for a period not to exceed the expected life of the project or equipment. Annual contributions for debt service from the General Fund are limited to 20 percent of total General Fund revenues, excluding state and federal grants. In addition, Texas law mandates that the City's total tax supported indebtedness shall not exceed 10 percent of the total assessed valuation of property in the City. As of September 30, 2014, the City's outstanding debt payable from taxes and other revenue sources totaled \$13.1 billion. This is in compliance with all applicable financial policies and considered manageable.

The City has investments totaling approximately \$3.5 billion. The City adheres to an investment policy that emphasizes, in order of priority, safety, liquidity and return on investment. The success of this deliberate approach is evident in the 'AAA' credit quality rating and "VI" volatility rating assigned to the City's General Investment Portfolio by Fitch Rating Services.

Long-term Financial Forecast and Major Initiatives

The most recent five-year planning scenario available from the City's Finance Department indicates known cost increases continue to put stress on the City budget. The main factors driving increased expenditures are increased costs for employee health insurance benefits, pension responsibilities and operating costs for new facilities. Various strategies are being used to ensure balanced budgets including cost cutting and productivity improvements, a strong commitment to an affordable CIP and strict management of employee health care benefits.

Employee Pension Funds

I would identify the City's pension obligations in the next few years as our most daunting challenge. Meeting that challenge is doable, but it will demand creativity and cooperation, and it will probably be painful. It is critical that we at least begin very soon working to correct the problem. While Moody's Investors Service reaffirmed the City's Aa2 rating (citing a large tax base and a continuing strong economy despite the slowdown in oil), Moody's revised its outlook to "negative," primarily because of the growing pensions cost and liabilities.

I do want to address the benefits of pensions, especially for those skeptics of municipal pensions. The City of Houston attracts thousands of potential employees each year; our salaries are competitive with other municipalities and with many private employers. The City offers a "defined benefit" pension program, with the City making a substantially larger contribution to the plan than the employee. Most private corporations offer a "defined contribution" type of pension program, where the employees are mainly responsible for financing their retirement packages. There has been a growing discussion about moving the City toward a defined contribution pension program, but that could apply to just new employees as we are contractually bound to current employees. It is probably a good and necessary thought, but it does not address our current pension challenge.

Across the country, over 90 percent of municipal pensioners stay in the city in which they worked. In a very real sense their pensions are a re-investment in their communities, monies put back in local retail, housing and taxes.

For the first time, the Government Accounting Standards Board (GASB) has mandated that beginning in Fiscal Year 2015 cities report their net pension liability, the difference between the total pension liability (the present value of projected benefit payments to employees based on their years of service, or to their spouse if widowed) and the funds set aside and restricted to paying these benefits. Before FY 2015, cities were required to report just the difference between the annual Actuarial Required Contribution (ARC) and what was actually contributed into the pension plan. The ARC is the annual amount a government would have to pay to fund its liabilities (obligations) over time; I want to reiterate that the City had not met that ARC for some years. As GASB announced in 2012 when the new Standards 67 and 68 were issued, the goal "is a more faithful representation of the full impact of these obligations... providing citizens and other users of these financial reports with a clearer picture of the size and nature of the financial obligations to current and former employees for past services rendered."

The new GASB Standard 68 dramatically alters the City's balance sheet (in billions):

	Pre 68 (FY 2014) (Net pension obligation)	Post 68 (FY 2015) (Net pension liability)
Municipal	\$.477	\$2.308
Police	\$.669	\$2.688
Fire	<u>\$.051</u>	<u>\$0.578</u>
Total:	<u>\$1.197</u>	<u>\$5.574</u>

(How is Net Pension Liability calculated? This figure is actuarially calculated based on life expectancy tables, and it reflects the expected total pay-out of pensions over the remaining lifetimes of all the employees in the pension plan and the employees' spouses who would continue receiving the pension payments following the employees' deaths.)

Houston is not alone; all the large cities will reflect this significant change in their budgets. Ideally, of course, the funds entrusted for pensions would keep pace with the rate of retirees. However, the number of retirees has significantly increased in the past decade (approximately doubling in all three pensions), and the ratio of retirees to active employees has dramatically increased. Pensions are long-term agreements between employer and the pension's board of directors. Any changes in a pension plan's funding can have dramatic consequences, as we saw following the 2001 decision to increase retiree benefits based on a (later realized) flawed actuarial projection. While it will be necessary to have the state legislature's approval of any significant change to the firefighters' pensions, the legislators will only consider that if there is agreement at the local level. In short, Houston's pension challenge needs to be addressed by the administration, City Council and the pensions' boards.

I have been asked several times over the last year or so, "Is Houston going to end up like Detroit?" To me, that's inconceivable. Detroit had its debt problems mounting over years, years in which the population (hence, the revenue source) declined substantially.

Retiree benefits

The City also provides certain health care benefits for its retired employees, their spouses and survivors. Beginning with the Fiscal Year 2008 CAFR, the City is required by the Government Accounting Standards Board Statement No. 45 (GASB 45) to report an actuarially determined cost of other post-employment benefits (OPEBs), other than pensions, such as health and life insurance for current and future retirees. The most recent actuarial report indicates \$1.5 billion accrued liability for retiree health benefits. It is the City's practice to fund the cost of OPEBs on an annual pay-as-you-go basis (FY 2015: \$36.9 million) and account for OPEB costs as a current operating expense in the fiscal year in which the OPEB cost is paid.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Houston for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 18th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the dedicated services and hard work of a highly qualified staff. The City of Houston has such a staff in the City

Controller's Office. Although much time and effort in preparation of this report lies in the Financial Reporting Division, there was support from the other divisions of the Office: Administration, Executive, Operations and Technical Services and Treasury. I would like to express my appreciation to the entire staff of the City Controller's Office, and to the staffs of the Finance and Administration, Aviation, Houston First (formerly, Convention and Entertainment Facilities), and Public Works and Engineering departments who assisted and contributed to the preparation of this report.

The City Controller's Office also received invaluable assistance and support from many others outside its immediate organization. Within the City of Houston, the accounting staffs of the operating departments and the technical staff of the Information Services Division all played key roles in producing this report. McConnell & Jones/Banks, Finley, White & Co was not only our independent auditor, but also served as an invaluable source of information and ideas for improving the way City finances are reported.

Request for Information

This financial report is designed to provide a general overview of the City of Houston's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Controller, 901 Bagby Street, 8th Floor, Houston, Texas 77002. The CAFR is accessible on the City's web site and is also available in USB drive format.



Ronald C. Green
City Controller

Sources:

COH 2015 Operating Budget
COH 2015-2019 Capital Improvement Plan
UH Hobby Center for Public Policy
Texas Workforce Commission

Greater Houston Partnership
UH Institute for Regional Forecasting
Center for State and Local
Government Excellence

Houston Association of Realtors
Rice University Institute for
Urban Research



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Houston
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

To The Honorable Mayor, Members of City Council, and
City Controller of the City of Houston, Texas:

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Houston Texas (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Firefighter's Relief and Retirement Pension Trust Fund, the Municipal Employees' Pension Trust Fund, and the Police Officer's Pension Trust Fund, blended component units of the City, which, in the aggregate, represent 100% of the assets and net position of the pension trust funds, within the fiduciary funds. Except for Houston Area Library Automated Network and Lamar Terrace Public Improvement District, we did not audit the financial statements of any governmental discretely presented component units which represent 8.1%, 14.5% and 7.7%, respectively, of the assets, net position, and revenues of the governmental activities or any business-type discretely presented component units which represents 6.1%, 26.7% and 14.9%, respectively, of the assets, net position, and revenues of the business-type activities. Those financials were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such pension trust funds, governmental discretely presented component units, and business-type discretely presented component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate discretely presented component units and the aggregate remaining fund information of the City of Houston, Texas, as of June 30, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Changes in Accounting Principles

As explained in Note 1M to the financial statements, in 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

As explained in Note 1K to the financial statements, effective July 1, 2014, the City elected to change the accounting and reporting for the Consolidated Rental Car Facility in its Airport System Fund.

The City elected to redefine “cash and cash equivalents” within the statements of cash flows in the financial statements to exclude investments within the pooled funds of the City that do not have the general characteristics of demand deposit accounts.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis (pages 3 through 13), Schedule of Budgeted and Actual Revenues and Expenditures of the General Operating Fund (pages 123 through 128), Pension System Supplementary Information (page 129), and Other Post-Employment Benefits Supplementary Information (page 130) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Houston’s basic financial statements. The Individual Fund Statements and Schedules, and the Introductory Section and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basis financial statements.

The Individual Fund Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the Individual Fund Statements and Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section and the Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015, on our consideration of the City of Houston, Texas’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Houston, Texas’s internal control over financial reporting and compliance.





December 2, 2015

City of Houston, Texas
Management's Discussion and Analysis
June 30, 2015
(Unaudited)

As management of the City of Houston, we offer readers of the City of Houston's financial statements this narrative overview and analysis of the financial activities of the City of Houston for the fiscal year ended June 30, 2015. Please read this information in conjunction with the basic financial statements that follow this section. The discussion and analysis includes comparative data for 2014. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

Some of the City's financial highlights for the fiscal year ending June 30, 2015 include:

- The City implemented GASB 68 "Accounting and Financial Reporting for Pensions" in this report, which caused the City's net pension liability to increase \$4.377 billion.
- The assets of the City of Houston exceeded its liabilities at the close of the most recent fiscal year by \$146 million.
- The City's total net position decreased during the year by \$3.026 billion.
- The City's unrestricted net position is a deficit of \$5.98 billion.
- The City of Houston's total expenses were \$4.834 billion.
- Program revenues of \$2.331 billion reduced the net cost of the City's functions to be financed from the City's general revenues to \$2.503 billion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Houston's basic financial statements. The City of Houston's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Houston's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Houston's assets and liabilities, with the difference between the assets and liabilities reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City of Houston is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish between functions of the City of Houston that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Houston include general government, public safety, public works, health, housing and community development, parks and recreation, and library. The business-type activities of the City of Houston include the airport system, combined utility system and convention & entertainment facilities.

The government-wide financial statements include not only the City of Houston itself (known as the primary government), but also legally separate component units for which the City of Houston is financially accountable. With the exception of the three pension systems, financial information for the component units is reported separately from the financial information presented for the primary government itself. The pension systems, although also legally separate, function for all practical purposes as departments of the City of Houston, and therefore have been included as an integral part of the primary government.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Houston, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Houston can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental fund balance sheet displays a reconciliation to facilitate this comparison between governmental funds. The reconciliation between the governmental fund statement of revenues, expenditures, and changes in fund balances and governmental activities is provided on a separate schedule.

The City of Houston maintains nine individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund and the grants fund, all of which are considered to be major funds. Data from the other funds is combined in the column labeled "Nonmajor Governmental Funds" on both of these statements (see the separate tab labeled "Governmental Funds" for more information on these funds).

Proprietary funds. The City of Houston maintains two different types of proprietary funds: Enterprise funds (see separate tab of same name) and internal service funds (see separate tab of same name). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Houston uses enterprise funds to account for its aviation system, combined utility system and the convention and entertainment facilities. The City of Houston uses internal service funds to account for health and benefits and long-term disability activities. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the aviation system, combined utility system and convention and entertainment facilities, all of which are considered to be major funds for the City of Houston. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds. Fiduciary funds (see separate tab of same name) are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Houston's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes (see separate tab of same name) provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning: General fund – budget vs. actual; the City of Houston's progress in funding its obligation to provide pension benefits to its employees; and other post employment benefits.

Net Position
June 30, 2015
(With comparative totals for 2014)
(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 1,451	\$ 1,374	\$ 2,939	\$ 2,747	\$ 4,390	\$ 4,121
Capital assets	6,990	6,881	9,589	9,202	16,579	16,083
Total assets	8,441	8,255	12,528	11,949	20,969	20,204
Deferred outflows of resources	1,158	48	383	331	1,541	379
Long-term liabilities	9,743	5,678	10,945	9,900	20,688	15,578
Other liabilities	704	833	764	830	1,468	1,663
Total liabilities	10,447	6,511	11,709	10,730	22,156	17,241
Deferred inflows of resources	197	166	12	4	209	170
Net position						
Net investment in capital assets,	4,251	4,103	547	241	4,798	4,344
Restricted	192	174	1,132	1,024	1,324	1,198
Unrestricted (deficit)	(5,487)	(2,651)	(489)	281	(5,976)	(2,370)
Total net position (deficit)	\$ (1,044)	\$ 1,626	\$ 1,190	\$ 1,546	\$ 146	\$ 3,172

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Houston, on a government-wide basis, assets and deferred outflows were lower than liabilities and deferred inflows by \$146 million at the close of the most recent fiscal year.

By far the largest portion of the City of Houston's net position (3,286%) reflects its investment in capital assets (e.g., land, building, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City of Houston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Houston's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City of Houston's net position (889%) represents resources that are subject to external restrictions on how they may be used.

Change in Net Position
For the Fiscal Year Ended June 30, 2015

With comparative totals for 2014

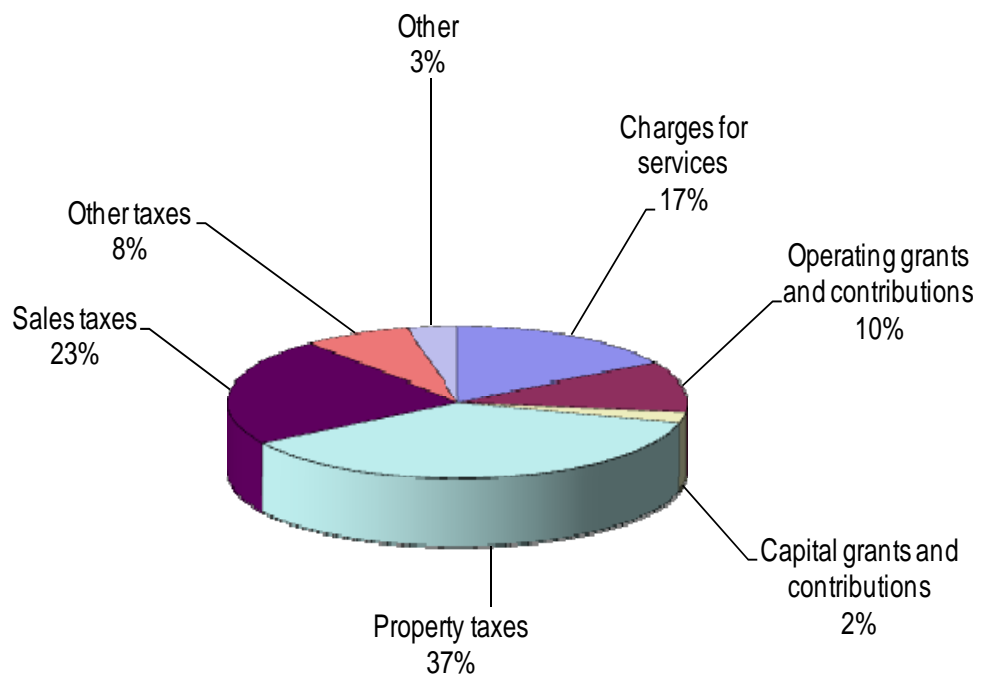
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues:						
Charges for services	\$ 485	\$ 545	\$ 1,416	\$ 1,417	\$ 1,901	\$ 1,962
Operating grants and contributions	305	278	11	11	316	289
Capital grants and contributions	68	-	46	50	114	50
General revenues:						
Property taxes	1,074	974	-	-	1,074	974
Sales taxes	667	629	-	-	667	629
Other taxes	223	221	91	90	314	311
Other	103	108	171	175	274	283
Total revenues	<u>2,925</u>	<u>2,755</u>	<u>1,735</u>	<u>1,743</u>	<u>4,660</u>	<u>4,498</u>
Expenses:						
General government	360	247	-	-	360	247
Public safety	1,859	1,599	-	-	1,859	1,599
Public works	336	319	-	-	336	319
Health	151	133	-	-	151	133
Housing and community development	65	51	-	-	65	51
Parks and recreation	113	94	-	-	113	94
Library	49	49	-	-	49	49
Interest on Long-term Debt	158	143	-	-	158	143
Depreciation and amortization	138	133	-	-	138	133
Airport System	-	-	557	561	557	561
Convention & Entertainment Facilities	-	-	123	113	123	113
Combined Utility System	-	-	925	920	925	920
Total expenses	<u>3,229</u>	<u>2,768</u>	<u>1,605</u>	<u>1,594</u>	<u>4,834</u>	<u>4,362</u>
Change in net position before contributions, special items and transfers						
	(304)	(13)	130	149	(174)	136
Contributions	31	17	-	-	31	17
Gain on sale of asset	33	-	-	-	33	-
Transfers	49	42	(49)	(42)	-	-
Change in net position	<u>(192)</u>	<u>46</u>	<u>81</u>	<u>107</u>	<u>(111)</u>	<u>153</u>
Net assets, July 1 as previously reported	1,626	1,608	1,546	1,516	3,172	3,124
Cumulative effect of change in accounting principle	(2,478)	(28)	(437)	(77)	(2,915)	(105)
Beginning net position July 1	<u>(852)</u>	<u>1,580</u>	<u>1,109</u>	<u>1,439</u>	<u>257</u>	<u>3,019</u>
Net position (deficit) June 30	<u>\$ (1,044)</u>	<u>\$ 1,626</u>	<u>\$ 1,190</u>	<u>\$ 1,546</u>	<u>\$ 146</u>	<u>\$ 3,172</u>

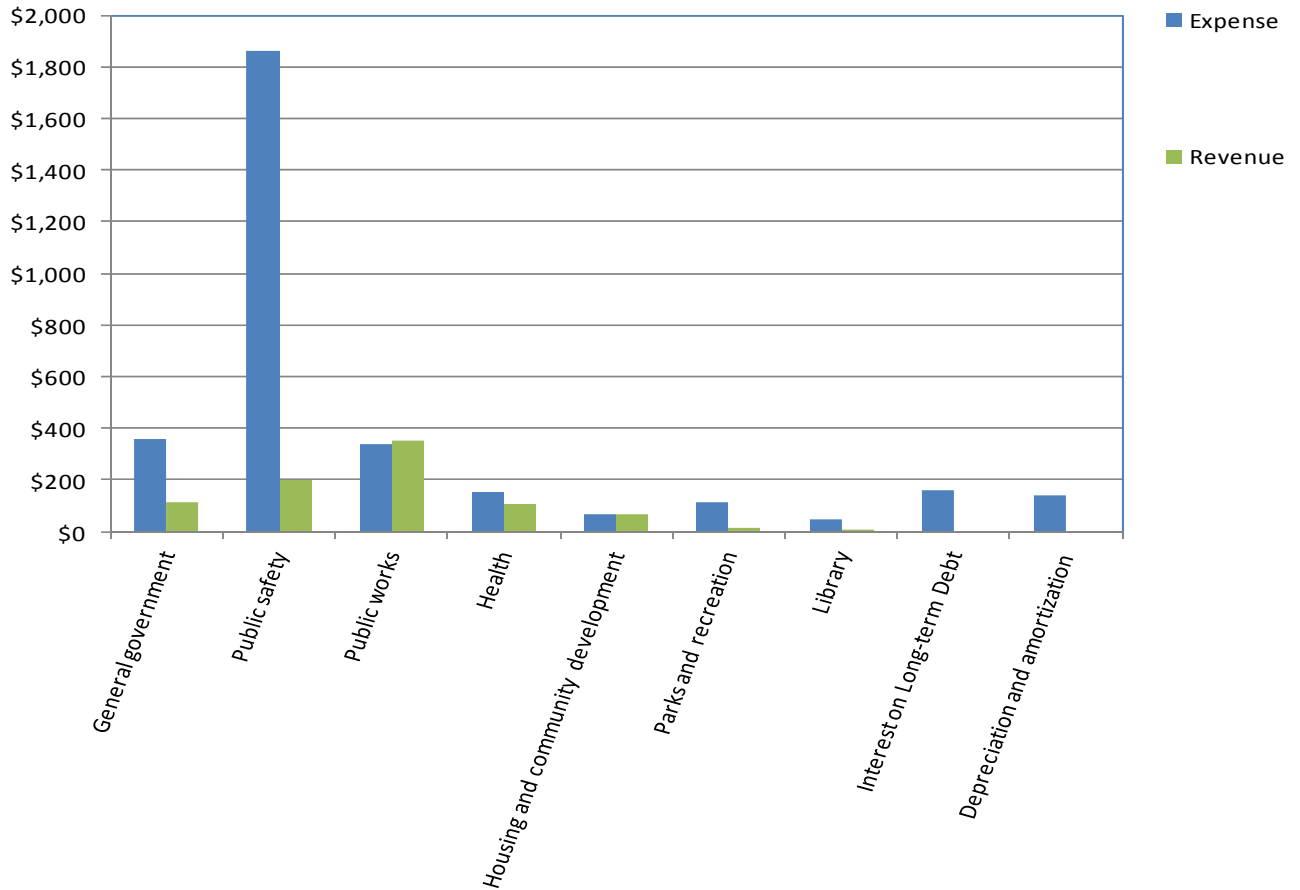
Governmental activities. Governmental activities decreased the City of Houston’s net position by \$2.67 billion. Key elements of this change are as follows:

- Sales tax revenue has remained strong during fiscal year 2015, providing a 6% increase for the year, from \$629 million to \$667 million.
- The City’s property tax rate was reduced to \$0.63108 per \$100 assessed value. Property tax revenue still increased by \$100 million because of the City’s rising property values combined with continued effort in the collection of delinquent taxes.
- GASB 68 implementation caused a \$3.877 billion impact on the City’s governmental financials.
- The largest increase in expenses was in the area of Public Safety - \$260 million.

Revenue by Source - Governmental Activities



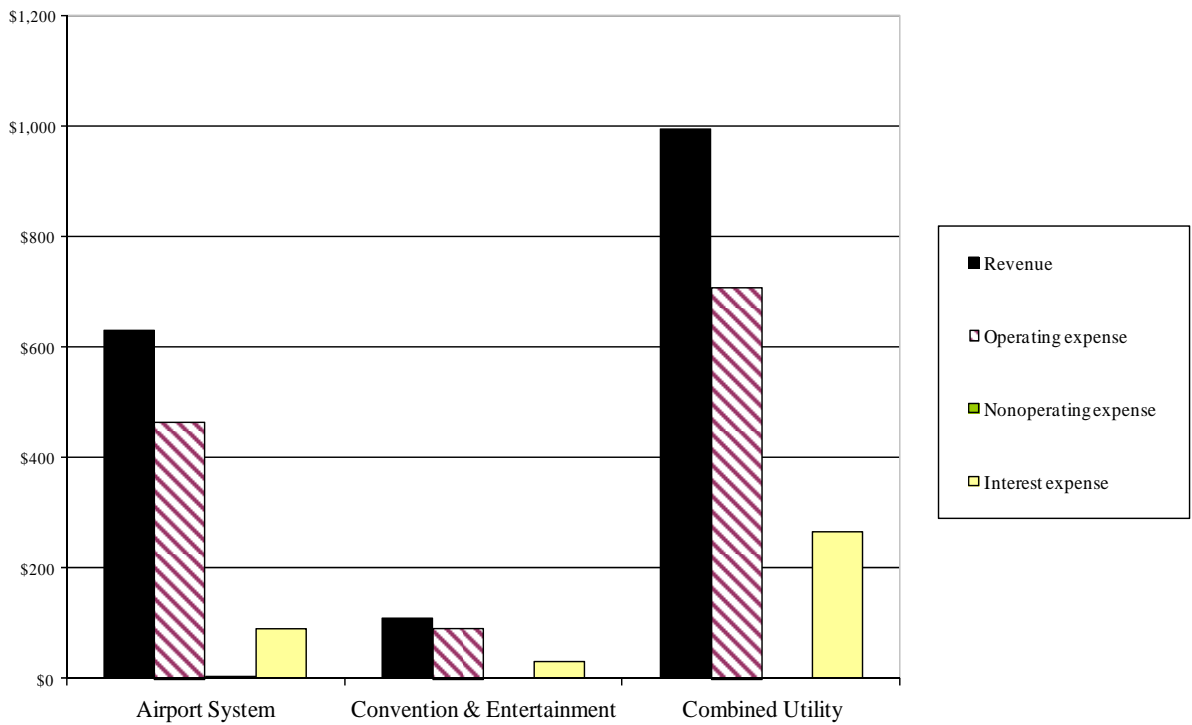
Program Revenue and Expense Governmental



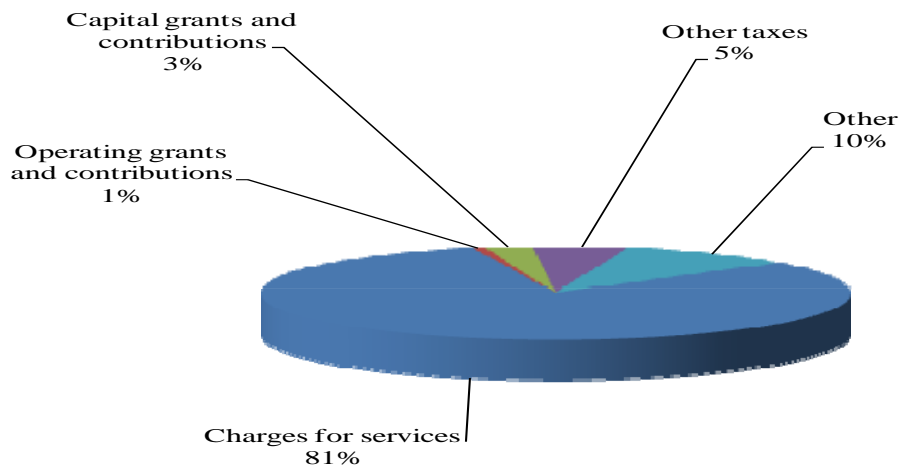
Business-type activities. Business-type activities decreased the City of Houston’s net position by \$356 million. Key elements of this change are as follows:

- Airport systems operating expenses were up by 0.9%, from \$460 million to \$464 million, for higher personnel costs. Operating revenues for these facilities were up by 5.3%, from \$452 million to \$476 million.
- Convention & Entertainment operating expenses were up 8.0% from \$87 million to \$94 million. Operating revenues were up by 9.1%, from \$11 million to \$12 million. Hotel occupancy taxes increased by 1.1%, from \$90 million to \$91 million, from higher hotel occupancy rates.
- The Combined Utility System operating expenses increased by 5.9% from \$623 million to \$660 million. Operating revenues decreased by 2.7% from \$953 million to \$927 million.

Program Revenue & Expense Business-type



Revenue by Source - Business-type



Financial Analysis of the Government's Funds

As noted earlier, the City of Houston uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds (see separate tab of same name). The focus of the City of Houston's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Houston's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Houston's governmental funds reported combined ending fund balances of \$832 million. Approximately 36.2% of this total amount (\$301 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is set aside to indicate that it is not available for new spending because it has already been assigned for capital expenditures (\$125 million), restricted to pay debt service (\$122 million), or (3) a variety of other restricted purposes (\$284 million).

The general fund is the chief operating fund of the City of Houston. At the end of the current fiscal year, unassigned fund balance of the general fund was \$301 million, while the total fund balance reached \$351 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.0% of total general fund expenditures, while total fund balance represents 17.4% of that same amount.

Key differences between last year's general fund activity and this year's include:

- \$159.7 million increase in total revenues – rebound in local economy increasing Property Tax and Sales Tax revenues
- \$107.3 million increase in expenditures – additional General Government and Public Safety costs
- \$33.0 million increase in proceeds for issuance of debt
- \$45.0 million increase in sale of capital assets – sale of Gillette property

Interest expenditures for the debt service fund decreased by \$389 thousand. The net decrease in fund balance was \$12.4 million.

The capital projects fund, which is used for the acquisition and/or construction of capital facilities by the City (except those financed by Enterprise Funds), has a fund balance of \$140 million. The net decrease in fund balance during the current fiscal year was 1.9%.

Proprietary funds (see tabs labeled "Enterprise Funds" and "Internal Services Funds"). The City of Houston proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, unrestricted net position was a deficit of \$178 million for the Airport System, \$11 million net position for Convention and Entertainment, and \$322 million deficit for the Combined Utility System. The total decrease in net position for the Airport System was \$104 million. The Convention and Entertainment fund experienced a decrease of \$17 million and Combined Utility System fund experienced an decrease of \$245 million in net position. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Houston's business-type activities.

General Fund Budgetary Highlights

Total revenues were above budget by \$56 million. The details of the more significant variances are detailed below:

- \$7.1 million above budget in property taxes
- \$6.6 million above budget in ambulance services
- \$5.9 million below budget in Municipal Courts fines and forfeits

Total expenditures for the General Fund were \$10 million below the final expenditure budget. This was achieved with numerous cost savings. The details of the more significant variances are detailed below:

- \$10.5 million below budget in total general government expenditures
- \$5.4 million over budget in public safety

Capital Asset and Debt Administration

Capital assets (see Note 6). The City of Houston's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$16.6 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, storm drainage, streets and bridges. The City of Houston's net investment in capital assets was relatively stable.

Capital Assets

June 30, 2015

(With comparative totals for 2014)
(net of accumulated depreciation in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land and right of way	\$ 2,155	\$ 2,119	\$ 452	\$ 449	\$ 2,607	\$ 2,568
Buildings, improvements and equipment	2,314	2,208	5,897	5,661	8,211	7,869
Construction in progress	348	387	620	458	968	845
Water rights	-	-	545	462	545	462
Runway rights	-	-	12	3	12	3
Garage rights	-	-	13	13	13	13
Infrastructure Assets	6,317	6,115	9,974	9,706	16,291	15,821
Less accumulated depreciation	(4,144)	(3,948)	(7,924)	(7,550)	(12,068)	(11,498)
Total	<u>\$ 6,990</u>	<u>\$ 6,881</u>	<u>\$ 9,589</u>	<u>\$ 9,202</u>	<u>\$ 16,579</u>	<u>\$ 16,083</u>

Major capital asset events during the current fiscal year included the following:

- Business-type activities construction in process balance reflects a \$162 million increase
- Business-type activities buildings, improvements & equipment reflects a \$236 million increase
- Business-type activities infrastructure assets reflects a \$268 million increase
- Governmental-type activities infrastructure assets reflects a \$202 million increase

More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

Long-term debt (Note 8). At the end of the current fiscal year, the City of Houston had total bonded debt outstanding of \$12.1 billion. The two largest portions of this total are made up of \$3.0 billion comprising debt backed by the full faith and credit of the government and \$9.1 billion comprising various enterprise fund revenue bonds which are payable from future revenues of the various operations of those enterprise funds. The remainder of the City of Houston's debt represents various long-term contracts.

Outstanding Debt

June 30, 2015

(With comparative totals for 2014)

(in millions)

	Governmental		Business-type		Total	
	Activities		Activities			
	2015	2014	2015	2014	2015	2014
General obligation bonds and commercial paper	\$ 2,818	\$ 2,884	\$ 170	\$ 223	\$ 2,988	\$ 3,107
Pension notes	530	535	64	66	594	601
Inferior lien contract	-	-	18	23	18	23
Capital lease	-	-	50	51	50	51
Revenue bonds	-	-	9,364	9,085	9,364	9,085
Other borrowings	5	18	-	-	5	18
Total	\$ 3,353	\$ 3,437	\$ 9,666	\$ 9,448	\$ 13,019	\$ 12,885

The City's total debt decreased by \$90 million or 0.7% during the current fiscal year.

During the current fiscal year, the City issued the following debt:

- \$374 million of general obligation debt to fund capital projects and equipment purchases.
- \$771 million of combined utility system debt to fund system projects.
- \$206 million of convention & entertainment debt to fund capital projects.
- \$86 million to fund airport system projects.

Standard & Poor's, Moody's and Fitch's underlying ratings of the City's obligations as of June 30, 2015 are as follows:

	<u>Std & Poor's</u>	<u>Moody's</u>	<u>Fitch's</u>
General Obligation	AA+	Aa2	AA
Water & Sewer System Junior Lien	AA+	Aa1	AA+
Combined Utility System First Lien	AA	Aa2	AA
Houston Airport System-Senior Lien	AA-	Aa3	N/R
Houston Airport System-Subordinate Lien	A	A2	A
Houston Airport System-CRCF Lien	A-	A3	A-
Convention & Entertainment - Senior Lien	A-	A2	N/R

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City of Houston is \$24.4 billion, which is significantly in excess of the City of Houston's outstanding general obligation debt.

Next Year's Budget and Rates

Highlights of the fiscal year 2016 budget are as follows:

- The property tax rate was reduced to 60.112 cents per \$100 of valuation.
- The property tax exemption for seniors and the disabled doubled from \$80,000 to \$160,000.
- The public safety budget included funding to primarily provide resources for four police cadet classes, five fire cadet classes, and three paramedic classes.

Request for Information

This financial report is designed to provide a general overview of the City of Houston's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Controller, 901 Bagby, 8th Floor, Houston, Texas 77002.

**CITY OF HOUSTON, TEXAS
STATEMENT OF NET POSITION**

June 30, 2015
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total	Component Units	
				Governmental	Business-type
Assets					
Current Assets					
Equity in pooled cash and investments	\$ 1,031,032	\$ 1,160,772	\$ 2,191,804	\$ 404,851	\$ 133,067
Receivables, net of allowances					
Accounts receivable	166,775	122,121	288,896	33,516	7,493
Hotel occupancy tax receivable	-	23,798	23,798	-	-
Property taxes receivable	27,579	-	27,579	-	-
Sales taxes receivable	111,890	-	111,890	-	-
Mixed beverage taxes receivable	4,241	-	4,241	-	-
Franchise taxes receivable	18,882	-	18,882	-	-
Special assessments receivable	13,807	93	13,900	-	-
Accrued interest and other	-	-	-	6	120
Due from component units	1,905	7,646	9,551	-	-
Internal balances	(9,075)	9,075	-	-	-
Due from other governments	65,431	8,085	73,516	3,334	7,149
Inventory	15,987	13,102	29,089	42,437	163
Prepaid items	2,902	21,760	24,662	569	2,429
Restricted investments	-	5,514	5,514	5,801	175,229
Other receivables	-	-	-	2,175	4,184
Noncurrent assets					
Noncurrent investments:					
Due from component units	-	1,250,631	1,250,631	21,353	40,148
Accrued interest receivable	-	303,471	303,471	-	-
Receivables and deposits	-	-	-	-	484
Due from other governments	-	-	-	-	19,903
Amounts held by other government	-	1,965	1,965	-	-
Deferred charges for issuance cost	-	11,065	11,065	-	-
Other assets	-	-	-	283	-
Other long-term receivables	-	-	-	-	39,922
Capital Assets					
Land and right-of-way	2,148,824	451,873	2,600,697	127,042	14,824
Buildings	1,187,679	3,975,495	5,163,174	35,548	446,905
Improvements and equipment	1,125,760	1,922,356	3,048,116	-	-
Plants, lines and rights	-	-	-	494	-
Construction in progress	347,755	620,097	967,852	12,382	-
Runway rights	-	11,798	11,798	-	-
Water rights	-	545,035	545,035	-	-
Garage rights	-	13,144	13,144	-	-
Rights & Intangibles	7,384	-	7,384	-	-
Infrastructure assets	6,317,470	9,973,669	16,291,139	-	-
Less accumulated depreciation and amortization	(4,144,380)	(7,924,370)	(12,068,750)	(7,434)	(128,140)
Total assets	\$ 8,441,848	\$ 12,528,195	\$ 20,970,043	\$ 682,357	\$ 763,880
Deferred outflows of resources					
Deferred outflows of resources	1,158,131	382,912	1,541,043	-	394
Total deferred outflows of resources	\$ 1,158,131	\$ 382,912	\$ 1,541,043	\$ -	\$ 394

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

**CITY OF HOUSTON, TEXAS
STATEMENT OF NET POSITION**

June 30, 2015
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total	Component Units	
				Governmental	Business-type
Liabilities					
Accounts payable and accrued expenditures	\$ 140,879	\$ 127,243	\$ 268,122	\$ 29,018	\$ 33,554
Accrued payroll liabilities	44,931	6,628	51,559	1,231	898
Accrued interest payable	40,327	87,451	127,778	6,352	-
Contracts and retainages payable	-	-	-	2,321	9,764
Notes payable	-	-	-	7,353	-
Inferior lien contracts	-	5,605	5,605	-	-
Due to component units	-	28,913	28,913	-	-
Due to other governments	18,653	6,178	24,831	12,273	-
Advances and deposits	9,210	57,428	66,638	-	-
Other liabilities	6	-	6	1,348	850
Unearned revenue	-	1,974	1,974	3,328	441
Noncurrent liabilities					
Due within one year					
Contracts payable	-	50,087	50,087	-	4,095
Notes payable	659	-	659	-	-
Bonds payable	183,805	254,050	437,855	20,940	-
Claims and judgments	33,015	2,076	35,091	-	-
Compensated absences	140,554	15,577	156,131	-	-
Pension bonds payable	-	1,105	1,105	-	-
Commercial paper	92,000	120,000	212,000	-	-
Other liabilities	-	-	-	874	3,113
Due in more than one year					
Due to primary government	-	-	-	251	2,300
Notes payable	4,495	-	4,495	55,048	382,054
Bonds payable	2,498,690	9,109,568	11,608,258	372,407	-
Claims and judgments	73,481	2,231	75,712	-	-
Compensated absences	319,923	17,736	337,659	-	-
Contracts payable	-	295,644	295,644	15,899	-
Commercial paper	49,900	49,500	99,400	-	-
Arbitrage rebate liability	17	523	540	-	-
Inferior lien contracts	-	12,155	12,155	-	-
Municipal net pension liability	1,671,305	637,022	2,308,327	-	-
Police officers' net pension liability	2,688,262	-	2,688,262	-	-
Firefighter's net pension liability	577,690	-	577,690	-	-
SWAP liability	-	237,501	237,501	-	-
Unearned revenue	-	333,206	333,206	7	9,072
Other post employment benefits obligation	1,336,233	185,625	1,521,858	-	-
Pension obligation bonds payable	523,443	63,932	587,375	-	-
Other long-term liabilities	-	-	-	551	12
Total liabilities	\$ 10,447,478	\$ 11,708,958	\$ 22,156,436	\$ 529,201	\$ 446,153
Deferred inflows of resources					
Deferred inflows of resources	197,131	12,434	209,565	-	-
Total deferred inflows of resources	\$ 197,131	\$ 12,434	\$ 209,565	\$ -	\$ -
Net position					
Net investment in capital assets	4,250,590	546,551	4,797,141	145,214	4,493
Restricted net position					
Restricted for debt service	82,422	336,458	418,880	62,118	9,296
Restricted for renewal and replacement	-	11,025	11,025	-	-
Restricted for maintenance and operations	-	157,019	157,019	2,771	-
Restricted for others' capital improvement	-	25,732	25,732	-	-
Restricted for capital improvement	99,519	601,601	701,120	160,671	-
Other restricted	10,188	-	10,188	27,222	37,839
Unrestricted (deficit)	(5,487,349)	(488,671)	(5,976,020)	(244,840)	266,493
Total net position (deficit)	\$ (1,044,630)	\$ 1,189,715	\$ 145,085	\$ 153,156	\$ 318,121

* The notes to the basic financial statements are an integral part of this statement *

**CITY OF HOUSTON, TEXAS
STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 359,640	\$ 70,322	\$ 41,017	\$ -
Public safety	1,858,766	171,996	30,365	-
Public works	336,311	215,018	66,443	67,533
Health	150,931	17,665	92,481	-
Housing and community development	65,275	-	65,724	-
Parks and recreation	112,844	8,676	9,181	-
Library	49,374	1,637	152	-
Interest on long-term debt	158,212	-	-	-
Unallocated Depreciation	138,016	-	-	-
Total governmental activities	<u>3,229,368</u>	<u>485,314</u>	<u>305,363</u>	<u>67,533</u>
Business-type activities				
Airport System	556,844	476,282	-	36,432
Convention & Entertainment facilities	123,371	12,390	-	-
Combined Utility System	924,793	927,424	10,768	9,983
Total business-type activities	<u>1,605,008</u>	<u>1,416,096</u>	<u>10,768</u>	<u>46,415</u>
Total primary government	<u>\$ 4,834,376</u>	<u>\$ 1,901,410</u>	<u>\$ 316,131</u>	<u>\$ 113,948</u>
Component Units				
Governmental	210,234	54,743	27,708	8,244
Business-type	206,516	150,357	97,457	-
Total component units activities	<u>\$ 416,750</u>	<u>\$ 205,100</u>	<u>\$ 125,165</u>	<u>\$ 8,244</u>

General Revenues:

Taxes
Property taxes levied for general purposes/tax increments
Property taxes levied for debt service
Industrial assessments tax
Sales tax
Franchise tax
Mixed beverage tax
Bingo tax
Hotel occupancy tax
Investment earnings
Other
Gain on sale of asset
Contributions
Transfers
Total general revenues and transfers
Change in net position
Net position beginning, as previously reported
Cumulative effect of change in accounting principle (see Note 1K and 1M)
Beginning net position, July 1
Net position ending

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Governmental	Business-type
\$ (248,301)	\$ -	\$ (248,301)	\$ -	\$ -
(1,656,405)	-	(1,656,405)	-	-
12,683	-	12,683	-	-
(40,785)	-	(40,785)	-	-
449	-	449	-	-
(94,987)	-	(94,987)	-	-
(47,585)	-	(47,585)	-	-
(158,212)	-	(158,212)	-	-
(138,016)	-	(138,016)	-	-
<u>(2,371,158)</u>	<u>-</u>	<u>(2,371,158)</u>	<u>-</u>	<u>-</u>
-	(44,130)	(44,130)	-	-
-	(110,981)	(110,981)	-	-
-	23,382	23,382	-	-
<u>-</u>	<u>(131,729)</u>	<u>(131,729)</u>	<u>-</u>	<u>-</u>
<u>(2,371,158)</u>	<u>(131,729)</u>	<u>(2,502,887)</u>	<u>-</u>	<u>-</u>
-	-	-	(119,539)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,298</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,539)</u>	<u>41,298</u>
807,717	-	807,717	140,038	750
266,353	-	266,353	-	-
16,736	-	16,736	644	-
667,061	-	667,061	-	-
190,245	-	190,245	-	-
15,784	-	15,784	-	-
209	-	209	-	-
-	90,711	90,711	-	-
7,639	20,114	27,753	1,384	2,928
94,700	150,440	245,140	1,557	6,419
32,525	-	32,525	-	-
30,525	-	30,525	20	-
49,105	(49,105)	-	-	-
<u>2,178,599</u>	<u>212,160</u>	<u>2,390,759</u>	<u>143,643</u>	<u>10,095</u>
(192,559)	80,431	(112,128)	24,104	51,393
1,625,868	1,546,315	3,172,183	179,976	266,728
<u>(2,477,939)</u>	<u>(437,031)</u>	<u>(2,914,970)</u>	<u>(50,924)</u>	<u>-</u>
<u>(852,071)</u>	<u>1,109,284</u>	<u>257,213</u>	<u>129,052</u>	<u>266,728</u>
<u>\$ (1,044,630)</u>	<u>\$ 1,189,715</u>	<u>\$ 145,085</u>	<u>\$ 153,156</u>	<u>\$ 318,121</u>

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
BALANCE SHEET — GOVERNMENTAL FUNDS
June 30, 2015
(amounts expressed in thousands)

	General	Debt Service	Capital Projects
Assets			
Equity in pooled cash and investments	\$ 269,345	\$ 119,185	\$ 272,531
Receivables, net of allowances			
Accounts receivable	109,972	-	3
Property taxes receivable	27,579	-	-
Sales taxes receivable	111,890	-	-
Mixed beverage taxes receivable	4,241	-	-
Franchise taxes receivable	18,882	-	-
Special assessments receivable	13,807	-	-
Due from component units	-	-	-
Due from other funds	43,040	4,449	16,877
Due from other governments	751	2,024	-
Inventory	14,023	-	-
Prepaid items	2,427	-	472
Total assets	\$ 615,957	\$ 125,658	\$ 289,883
Liabilities and fund balance			
Liabilities			
Accounts payable	67,443	1,285	38,935
Accrued payroll liabilities	39,391	-	-
Due to other funds	13,276	-	4,447
Due to other governments	764	-	-
Advances and deposits	6,097	-	31
Claims and judgments	1,893	-	-
Compensated absences	3,878	-	-
Other liabilities	-	-	-
Total liabilities	132,742	1,285	43,413
Deferred inflows of resources			
Deferred inflow of resources	132,327	2,024	106,686
Total deferred inflows of resources	132,327	2,024	106,686
Fund balance			
Non-Spendable			
Imprest cash and prepaids	2,427	-	472
Inventory	14,023	-	-
Restricted	27,096	122,349	14,251
Committed	6,111	-	-
Assigned	-	-	125,061
Unassigned	301,231	-	-
Total fund balance	350,888	122,349	139,784
Total liabilities and fund balance	\$ 615,957	\$ 125,658	\$ 289,883

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Assets not available to pay for current-period expenditures are deferred in the funds.

Internal service funds are used by management to charge the cost of health, benefits and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

Liabilities, including bonds payable, not due and payable in the current period are not reported in the funds.

Net position of governmental activities

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

	Grants	Nonmajor Governmental Funds	Total
\$	42,051	\$ 250,760	\$ 953,872
	29,376	25,757	165,108
	-	-	27,579
	-	-	111,890
	-	-	4,241
	-	-	18,882
	-	-	13,807
	1,905	-	1,905
	4,997	3,029	72,392
	50,016	12,619	65,410
	416	1,548	15,987
	-	-	2,899
\$	128,761	\$ 293,713	\$ 1,453,972

	20,246	11,245	139,154
	1,639	3,796	44,826
	34,476	31,328	83,527
	10,451	1,235	12,450
	178	2,904	9,210
	-	-	1,893
	-	41	3,919
	-	6	6
	<u>66,990</u>	<u>50,555</u>	<u>294,985</u>

	51,583	34,441	327,061
	<u>51,583</u>	<u>34,441</u>	<u>327,061</u>

	-	-	2,899
	416	1,548	15,987
	9,772	120,129	293,597
	-	87,040	93,151
	-	-	125,061
	-	-	301,231
	<u>10,188</u>	<u>208,717</u>	<u>831,926</u>
\$	128,761	\$ 293,713	

6,990,492
132,562

29,199

(9,028,809)

(1,044,630)

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
STATEMENT OF REVENUES, EXPENDITURES and CHANGES in FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues			
Taxes and assessments	\$ 1,964,061	\$ -	\$ -
Licenses and permits	38,894	-	-
Charges for services	147,830	-	-
Intergovernmental - grants	24,572	-	67,667
Fines and forfeits	30,179	-	-
Investment income	3,352	724	1,614
Other	40,110	6,842	10,856
Total revenues	<u>2,248,998</u>	<u>7,566</u>	<u>80,137</u>
Expenditures			
Current Expenditures			
General government	262,749	-	-
Public safety	1,293,766	-	-
Public works	186,779	-	-
Health	59,379	-	-
Housing and community development	669	-	-
Parks and recreation	80,609	-	-
Library	37,954	-	-
Retiree benefits	11,059	-	-
Capital outlay	58,501	-	259,627
Debt Service			
Debt service principal	11,000	180,355	-
Debt service interest	3,123	150,849	-
Debt service fiscal agent & fees	-	4,459	-
Total expenditures	<u>2,005,588</u>	<u>335,663</u>	<u>259,627</u>
Other financing sources (uses)			
Issuance of debt	88,000	740	29,000
Sale of capital assets	47,320	-	237
Transfers in	61,015	316,409	149,598
Transfers out	(351,131)	-	(2,000)
Payment to escrow agent for refunded bonds	-	(1,404)	-
Total other financing sources (uses)	<u>(154,796)</u>	<u>315,745</u>	<u>176,835</u>
Changes in fund balance	88,614	(12,352)	(2,655)
Fund balances, July 1	262,274	134,701	142,439
Fund balances, June 30	<u>\$ 350,888</u>	<u>\$ 122,349</u>	<u>\$ 139,784</u>

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

Grants	Nonmajor Governmental Funds	Total
\$ -	\$ 409	\$ 1,964,470
-	82,742	121,636
-	148,864	296,694
187,746	93,021	373,006
-	11,171	41,350
258	1,691	7,639
-	37,321	95,129
<u>188,004</u>	<u>375,219</u>	<u>2,899,924</u>
7,915	24,775	295,439
29,114	51,979	1,374,859
7,912	119,622	314,313
60,330	19,307	139,016
69,115	1,383	71,167
12,916	8,193	101,718
216	-	38,170
-	-	11,059
-	40,841	358,969
-	-	191,355
-	-	153,972
-	830	5,289
<u>187,518</u>	<u>266,930</u>	<u>3,055,326</u>
-	-	117,740
-	614	48,171
-	60,185	587,207
(70)	(184,901)	(538,102)
-	-	(1,404)
<u>(70)</u>	<u>(124,102)</u>	<u>213,612</u>
416	(15,813)	58,210
9,772	224,530	773,716
<u>\$ 10,188</u>	<u>\$ 208,717</u>	<u>\$ 831,926</u>

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	58,210
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation (\$246,841) and net disposal of assets (\$16,102) was less than the increase in capital assets (\$372,057) in the current period.</p>		109,114
<p>Revenue in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.</p>		170,398
<p>Generally, governmental funds report revenue when cash is actually received , or is expected 60 days after the close of the fiscal year. Cash received during the period relates to prior periods.</p>		(145,223)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report, as expenditures, the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		84,440
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Governmental funds report payments as expenditures in the period of disbursement. The liquidation of long-term liabilities previously accrued should not be reported in the statement of activities.</p>		(470,733)
<p>Internal service funds are used by management to charge the costs of certain activities, such as the cost of health benefits, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.</p>		1,235
Change in net position of governmental activities	<u>\$</u>	<u>(192,559)</u>

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2015
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Assets			
Current Assets			
Equity in pooled cash and investments	\$ 336,484	\$ 76,863	\$ 747,425
Receivables, net of allowances			
Accounts receivable	25,180	-	96,941
Hotel occupancy tax receivable	-	23,798	-
Special assessments receivable	-	-	93
Due from component units	-	7,646	-
Due from other funds	873	112	9,844
Due from other governments	6,643	-	1,442
Inventory	1,538	-	11,564
Prepaid items	2,894	760	3,482
Restricted assets			
Investments	5,514	-	-
Total current assets	379,126	109,179	870,791
Noncurrent Assets			
Equity in pooled cash	846,242	37,774	332,548
Investments	34,067	-	-
Due from component units	-	303,471	-
Prepaid items	1,584	-	13,040
Due from other governments	-	-	1,965
Amounts held by other governments	-	-	11,065
Total noncurrent restricted assets	881,893	341,245	358,618
Capital assets			
Land	220,626	95,687	135,560
Buildings	3,197,979	577,760	199,756
Improvements and equipment	1,747,812	12,256	162,288
Infrastructure	-	334	9,973,335
Construction in progress	236,163	788	383,146
Runway rights	11,798	-	-
Water rights	-	-	545,035
Garage rights	-	13,144	-
Less accumulated depreciation and amortization	(2,496,374)	(259,720)	(5,168,276)
Net capital assets	2,918,004	440,249	6,230,844
Total noncurrent assets	3,799,897	781,494	6,589,462
Total assets	4,179,023	890,673	7,460,253
Deferred outflows of resources			
Deferred outflows	43,490	198	339,224
Total deferred outflows of resources	\$ 43,490	\$ 198	\$ 339,224

* The notes to the basic financial statements are an integral part of this statement *

<u>Business-type Activities-Enterprise</u>	<u>Governmental Activities Internal Service Funds</u>
<u>Total</u>	
\$ 1,160,772	\$ 77,160
122,121	1,688
23,798	-
93	-
7,646	-
10,829	-
8,085	-
13,102	-
7,136	3
5,514	-
<u>1,359,096</u>	<u>78,851</u>
1,216,564	-
34,067	-
303,471	-
14,624	-
1,965	-
11,065	-
<u>1,581,756</u>	<u>-</u>
451,873	-
3,975,495	520
1,922,356	-
9,973,669	-
620,097	-
11,798	-
545,035	-
13,144	-
<u>(7,924,370)</u>	<u>(409)</u>
<u>9,589,097</u>	<u>111</u>
<u>11,170,853</u>	<u>111</u>
<u>12,529,949</u>	<u>78,962</u>
382,912	-
<u>\$ 382,912</u>	<u>\$ -</u>

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2015
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Liabilities			
Current Liabilities			
Accounts payable	\$ 14,666	\$ 371	\$ 112,206
Accrued payroll liabilities	2,499	38	4,091
Accrued interest payable	48,638	4,687	34,126
Commercial paper	-	-	120,000
Contracts payable	35,414	-	14,673
Due to other funds	361	-	5,060
Due to component units	-	28,913	-
Special facility bonds payable	5,160	-	1,018
Advances and deposits	1,980	-	55,448
Inferior lien contracts	5,605	-	-
Claims and judgments	927	-	1,149
Compensated absences	5,570	69	9,938
Pension obligation bonds payable	-	65	1,040
Revenue bonds payable	65,730	27,870	160,450
Unearned revenue	1,974	-	-
Total current liabilities	188,524	62,013	519,199
Noncurrent liabilities			
Revenue bonds payable	2,156,900	649,955	6,205,818
Special facility bonds payable	96,895	-	-
Claims and judgments	1,210	-	1,021
Compensated absences	6,980	156	10,600
Contracts payable	111,620	-	184,024
Inferior lien contracts	12,155	-	-
Commercial paper	49,500	-	-
Arbitrage rebate liability	-	207	316
Municipal pension trust liability	248,348	5,897	382,777
Other post employment benefits	65,161	4,020	116,444
SWAP liability	-	-	237,501
Unearned revenue	-	7,483	325,723
Pension obligation bonds payable	2,006	3,694	58,232
Total noncurrent liabilities	2,750,775	671,412	7,522,456
Total liabilities	2,939,299	733,425	8,041,655
Deferred inflows of resources			
Deferred inflows	1,847	7,687	2,900
Total deferred inflows of resources	1,847	7,687	2,900
Net position (deficit)			
Net investment in capital assets	466,196	79,996	359
Restricted net position			
Restricted for debt service	303,371	33,087	-
Restricted for renewal and replacement	10,000	1,025	-
Restricted for maintenance and operations	53,912	24,731	74,709
Restricted for others' capital improvement	25,732	-	-
Restricted for capital improvements	600,159	-	1,442
Unrestricted	(178,003)	10,920	(321,588)
Total net position (deficit)	\$ 1,281,367	\$ 149,759	\$ (245,078)
Cumulative liability resulting from internal service funds' undercharging proprietary funds			
Net position of business-type activities			

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

<u>Business-type Activities-Enterprise</u>	<u>Governmental Activities Internal Service Funds</u>
<u>Total</u>	
\$ 127,243	\$ 329
6,628	105
87,451	-
120,000	-
50,087	-
5,421	476
28,913	-
6,178	-
57,428	-
5,605	-
2,076	21,961
15,577	250
1,105	-
254,050	-
1,974	2,743
<u>769,736</u>	<u>25,864</u>
9,012,673	-
96,895	-
2,231	19,999
17,736	233
295,644	-
12,155	-
49,500	-
523	-
637,022	-
185,625	-
237,501	-
333,206	-
63,932	-
<u>10,944,643</u>	<u>20,232</u>
<u>11,714,379</u>	<u>46,096</u>
12,434	-
<u>12,434</u>	<u>-</u>
546,551	111
336,458	-
11,025	-
153,352	-
25,732	-
601,601	-
<u>(488,671)</u>	<u>32,755</u>
<u>1,186,048</u>	<u>\$ 32,866</u>
3,667	
<u>\$ 1,189,715</u>	

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Operating Revenues			
Landing area fees	\$ 93,575	\$ -	\$ -
Terminal space rentals	197,039	-	-
Parking	97,515	11,010	-
Concession	83,169	-	-
Other	4,984	-	-
Rental	-	1,380	-
Water/Sewer Billing	-	-	927,424
Health benefit premiums	-	-	-
Total operating revenue	<u>476,282</u>	<u>12,390</u>	<u>927,424</u>
Operating Expenses			
Administrative costs	-	-	-
Claims Costs	-	-	-
Maintenance and operating	286,529	79,312	428,732
Depreciation and amortization	177,512	14,375	231,048
Total operating expenses	<u>464,041</u>	<u>93,687</u>	<u>659,780</u>
Operating income (loss)	<u>12,241</u>	<u>(81,297)</u>	<u>267,644</u>
Nonoperating revenue (expenses)			
Investment income	7,496	4,933	7,685
Hotel occupancy tax	-	90,711	-
Other revenue	7,969	334	37,910
Gain (Loss) on disposal of assets	(1,856)	484	954
Interest on long-term debt	(89,999)	(29,684)	(265,013)
Passenger facility charges	85,392	-	-
Contributions	-	-	10,768
Special facility charges	17,535	-	-
Special facility cost	(948)	-	-
Total nonoperating revenues (expenses)	<u>25,589</u>	<u>66,778</u>	<u>(207,696)</u>
Income (loss) before capital contributions and transfers	<u>37,830</u>	<u>(14,519)</u>	<u>59,948</u>
Capital contributions	<u>36,432</u>	<u>-</u>	<u>9,983</u>
Transfers in	-	-	70
Transfers out	-	(1,380)	(47,795)
Total transfers	<u>-</u>	<u>(1,380)</u>	<u>(47,725)</u>
Change in net position	74,262	(15,899)	22,206
Liability resulting from internal service fund's undercharging proprietary funds			
Net change			
Beginning Net Position as previously reported	<u>1,369,721</u>	<u>166,267</u>	<u>6,522</u>
Cumulative effect of a change in accounting principle	(162,616)	(609)	(273,806)
Total net position (deficit), July 1,	<u>1,207,105</u>	<u>165,658</u>	<u>(267,284)</u>
Total net position (deficit), June 30	<u>\$ 1,281,367</u>	<u>\$ 149,759</u>	<u>\$ (245,078)</u>

Cumulative liability resulting from internal service funds' undercharging proprietary funds
Total net position business-type activities

(Continued)

* The notes to the basic financial statement are an integral part of this statement *

Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
<u>Total</u>	
\$ 93,575	\$ -
197,039	-
108,525	-
83,169	-
4,984	418
1,380	-
927,424	-
-	328,216
<u>1,416,096</u>	<u>328,634</u>
-	6,561
-	321,327
794,573	-
422,935	67
<u>1,217,508</u>	<u>327,955</u>
<u>198,588</u>	<u>679</u>
20,114	556
90,711	-
46,213	-
(418)	-
(384,696)	-
85,392	-
10,768	-
17,535	-
(948)	-
<u>(115,329)</u>	<u>556</u>
<u>83,259</u>	<u>1,235</u>
46,415	-
70	-
(49,175)	-
<u>(49,105)</u>	<u>-</u>
80,569	1,235
(138)	-
80,431	-
<u>1,542,510</u>	<u>-</u>
(437,031)	-
<u>1,105,479</u>	<u>31,631</u>
<u>\$ 1,185,910</u>	<u>\$ 32,866</u>
3,805	-
<u>\$ 1,189,715</u>	<u>-</u>

* The notes to the basic financial statement are an integral part of this statement *

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Cash flows from operating activities			
Receipts from customers	\$ 469,062	\$ 9,646	\$ 938,541
Payments to employees	(99,326)	(178)	(146,524)
Payments to suppliers	(105,743)	151	(213,745)
Internal activity-payments (to) from other funds	(57,553)	(176)	(26,243)
Claims paid	(928)	-	(1,653)
Due to(from) other governments	-	-	-
Other revenues	7,969	-	37,911
Other expenses	-	(80,060)	-
Receipts from component units	-	1,380	-
Receipts from other governments	-	-	70
Net cash provided by (used in) operating activities	<u>213,481</u>	<u>(69,237)</u>	<u>588,357</u>
Cash flows from investing activities			
Interest income on investments	5,059	4,202	5,485
Purchase of investments	(2,033,660)	(163,257)	(1,779,858)
Proceeds from sale of investments	1,945,584	176,479	1,737,365
Net cash provided by (used in) investing activities	<u>(83,017)</u>	<u>17,424</u>	<u>(37,008)</u>
Cash flows from capital and related financing activities			
Retirement of revenue bonds	(54,965)	(25,835)	(306,561)
Retirement of special facility bonds	(4,355)	-	-
Proceeds from issuance of special facility bonds	38,225	-	-
Refunding of revenue bonds	-	(119,350)	(138,992)
Retirement of commercial paper	-	(42,000)	(180,000)
Proceeds (uses of cash) from issuance of revenue bonds	-	233,963	732,284
Refunding of special facility bonds	(37,245)	-	-
Proceeds from issuance of commercial paper	48,300	-	120,000
Passenger facilities charges	75,572	-	-
Customer facilities charges	17,540	-	-
Deferred bond issuance cost	-	-	9,769
Interest expense on debt	(101,791)	(12,543)	(278,795)
Retirement of inferior lien contract	(5,315)	-	-
Proceeds from disposition of assets	-	1,237	3,487
Costs of issuing special facility bonds	(899)	-	-
Grant receipts	41,467	-	666
Deferred outflow on pension liability	-	-	(16,182)
Acquisition of property, plant and equipment	(155,053)	-	(452,470)
Due from other governments	-	-	2,345
Net cash provided by (used in) capital and related financing activities	<u>(138,519)</u>	<u>35,472</u>	<u>(504,449)</u>

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

Business-type Activities Enterprise Funds		Governmental Activities Internal Service Funds	
Total			
\$	1,417,249	\$	327,947
	(246,028)		(4,421)
	(319,337)		(1,801)
	(83,972)		345
	(2,581)		(320,746)
	-		37
	45,880		418
	(80,060)		-
	1,380		-
	70		-
	<u>732,601</u>		<u>1,779</u>
	14,746		556
	(3,976,775)		-
	<u>3,859,428</u>		<u>-</u>
	<u>(102,601)</u>		<u>556</u>
	(387,361)		-
	(4,355)		-
	38,225		-
	(258,342)		-
	(222,000)		-
	966,247		-
	(37,245)		-
	168,300		-
	75,572		-
	17,540		-
	9,769		-
	(393,129)		-
	(5,315)		-
	4,724		-
	(899)		-
	42,133		-
	(16,182)		-
	(607,523)		2
	2,345		-
	<u>(607,496)</u>		<u>2</u>

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Cash flows from noncapital financing activities			
Interest expense on pension obligation bonds	(106)	(10)	(3,736)
Pension bond payable	-	-	1,860
Payments from component unit	-	(75,995)	-
Hotel occupancy tax revenue	-	91,992	-
Transfers to debt service fund	-	-	(12,039)
Transfers to other funds	-	-	(35,755)
Net cash provided by (used in) noncapital financing activities	<u>(106)</u>	<u>15,987</u>	<u>(49,670)</u>
Net increase (decrease) in cash and cash equivalents	(8,161)	(353)	(2,770)
Cash and cash equivalents, July 1	52,632	803	7,156
Cash and cash equivalents, June 30	<u><u>\$ 44,471</u></u>	<u><u>\$ 450</u></u>	<u><u>\$ 4,386</u></u>
Non cash transactions			
Grants included in receivables	(5,035)	-	-
Unrealized gain on investments	-	(65)	-
Capital additions included in liabilities	(957)	-	-
Capital assets exchanged for receivable	-	(20,031)	(9,983)
Capitalize interest expense	5,849	-	12,600
CAB accretion interest	-	-	7,616
Gain (loss) on disposal of assets	(1,410)	-	(954)
Total non cash transactions	<u><u>\$ (1,553)</u></u>	<u><u>\$ (20,096)</u></u>	<u><u>\$ 9,279</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 12,241	\$ (81,907)	\$ 267,713
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	177,512	14,375	231,048
Other post employment benefits	4,716	(10)	10,321
Other revenues	7,969	333	37,911
Capital improvement plan expense	2,720	-	-
Changes in assets and liabilities			
Accounts receivable	(7,012)	174	7,787
Arbitrage rebate	-	27	-
Due from other funds	671	-	2,351
Due from other governments	-	-	(49)
Inventory and prepaid insurance	367	-	775
Accounts payable	4,404	154	(1,650)
Accrued payroll liabilities	340	(4)	745
Due to other funds	47	(176)	(1,666)
Advances and deposits	(209)	(3)	3,330
Claims and judgments-workers' compensation	(547)	-	415
Compensated absences	504	(9)	431
Pension obligation payable	9,758	959	28,895
Deferred revenue	-	(3,150)	-
Net cash provided by (used in) operating activities	<u><u>\$ 213,481</u></u>	<u><u>\$ (69,237)</u></u>	<u><u>\$ 588,357</u></u>

(Continued)

* The notes to the basic financial statements are an integral part of this statement *

Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Total	
(3,852)	-
1,860	-
(75,995)	-
91,992	-
(12,039)	-
(35,755)	-
<u>\$ (33,789)</u>	<u>-</u>
(11,285)	2,337
60,591	74,823
<u>\$ 49,306</u>	<u>\$ 77,160</u>
(5,035)	-
(65)	-
(957)	-
(30,014)	-
18,449	-
7,616	-
(2,364)	-
<u>\$ (12,370)</u>	<u>\$ -</u>
\$ 198,047	\$ 679
422,935	67
15,027	-
46,213	-
2,720	-
949	(269)
27	-
3,022	1
(49)	37
1,142	-
2,908	103
1,081	12
(1,795)	475
3,118	-
(132)	613
926	38
39,612	-
(3,150)	23
<u>\$ 732,601</u>	<u>\$ 1,779</u>

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015
(amounts expressed in thousands)

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets		
Equity in pooled cash and investments	\$ 21,061	\$ 52,616
Investments		
U.S. government and agency securities	85,623	-
Corporate bonds	225,280	-
Other fixed income securities	1,442,650	-
Commingled equity funds	393,973	-
Common and preferred stock	3,089,736	-
Real estate, partnerships and alternatives	4,214,354	-
Short-term investment funds	1,137,448	-
Invested securities lending collateral	387,434	-
Receivables, net of allowances		
Accounts receivable	1,949	176
Contributions	30,266	-
Accrued interest and other	19,857	-
Due from other funds	-	5,292
Other	36,703	-
Other Assets	1,035	-
Land	483	-
Building	4,961	-
Total assets	<u>11,092,813</u>	<u>58,084</u>
Liabilities		
Accounts payable	56,098	57,953
Advances and deposits	-	131
Security lending collateral	387,434	-
Foreign funds contracts payable	3,961	-
Other liabilities	6,603	-
Total liabilities	<u>454,096</u>	<u>\$ 58,084</u>
Net position		
Held in trust for pension benefits and other purposes	<u>\$ 10,638,717</u>	

* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
PENSION TRUST FUNDS
For the Year Ended June 30, 2015
(amounts expressed in thousands)

	2015
Additions	
Contributions:	
City of Houston	\$ 351,281
Plan members	79,009
Total Contributions	430,290
Investment earnings	
Interest and dividends	168,222
Net increase in the fair value of investments	34,152
Total investment income	202,374
Less investment expense	(40,820)
Net investment income	161,554
Total additions	591,844
 Deductions	
Benefits	656,104
Refund of contributions	3,363
Administrative expense	18,801
Total deductions	678,268
Change in net position	(86,424)
 Total net position, July 1	 10,725,141
Total net position, June 30	\$ 10,638,717

* The notes to the basic financial statements are an integral part of this statement *



CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015



CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Houston, Texas (City) was incorporated under the laws of the Republic of Texas in 1837 and again under the laws of the State of Texas in 1905. The City operates under a Home Rule Charter with a Mayor-Council form of government and provides the following services as authorized or required by its charter: public safety (police and fire), highways and streets, sanitation, water, airports, health services, culture-recreation, storm drainage, solid waste disposal, planning and inspection, civil defense, public improvements, and general administrative services, including pension and other benefits for its employees.

The financial statements presented in this report conform to the reporting requirements of the Governmental Accounting Standards Board (GASB), which establishes combined statements at the required reporting level for governmental entities that present financial statements in accordance with generally accepted accounting principles.

The significant accounting policies of the City are as follows:

A. Principles Used in Determining the Reporting Entity for Financial Reporting Purposes

The accompanying financial statements include financial statements for related organizations in accordance with generally accepted accounting principles. Organizations are included if they are financially accountable to the City, or the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete. Inclusion is determined on the basis of the City's ability to exercise significant influence. Significant influence or accountability is based primarily on its operational or financial relationship with the City (as distinct from legal relationship).

The City is financially accountable if it appoints a voting majority of an organization's governing body and is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Blended component units (although legally separate entities) are, in substance, part of the City's operations. Blended component units provide services exclusively or almost exclusively for the City. Both governmental and business-type discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize their legal separateness from the City.

B. Basis of Presentation - Financial Reporting Entity

1. Component Units

Most component units of the City issue separately audited financial statements. Component units are reported in the City's Comprehensive Annual Financial Report (CAFR) as shown in the following tables. Additional information is available from the addresses shown.

There are three specific tests for determining whether a particular legally separate entity is a component unit of a primary government's financial reporting entity. Those tests involve 1) appointment of the unit's governing board (accompanied by either the potential imposition of will or ongoing financial benefit/burden), 2) fiscal dependence on the primary government, and 3) the potential that exclusion would result in misleading financial reporting. For this last test, special attention must be paid 1) to certain special financing authorities and 2) to the nature and significance of a legally separate, tax-exempt entity's relationship with the primary government and its component units.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Following are the City's blended component units:

Blended Component Units Reported with the Primary Government	Brief Description of Activities, Relationship to the City and Key Inclusion Criteria
<p><i>Houston Firefighters' Relief & Retirement Fund</i> <i>4225 Interwood North Parkway</i> <i>Houston, TX 77032</i></p>	<p>Responsible for administration, management, and operation of the pension system solely for active and retired City of Houston firefighters. One member of the Board is either the Mayor or an appointed representative, five members are elected by active firefighters, one member is elected by retired firefighters, two members are citizen representatives, and one member is the City Treasurer. There is a fiscal dependency on the City, and there is the potential that exclusion would result in misleading financial reporting.</p> <p>Reporting Fund: Houston Firefighters' Relief and Retirement Pension Trust Fund.</p>
<p><i>Houston Municipal Employees Pension System</i> <i>1201 Louisiana, Suite 900</i> <i>Houston, TX 77002</i></p>	<p>Responsible for administration, management, and operation of the pension system solely for active and retired municipal (non-classified) employees of the City. One member of the Board is appointed by the Mayor, one member of the Board is appointed by the City Controller, four are elected by active employees, two are elected by retirees, one is appointed by the elected trustees and two are appointed by the governing body of the City. There is a fiscal dependency on the City, and there is the potential that exclusion would result in misleading financial reporting.</p> <p>Reporting Fund: Houston Municipal Employee's Pension Trust Fund.</p>
<p><i>Houston Police Officers' Pension System</i> <i>602 Sawyer, Suite 300</i> <i>Houston, TX 77007</i></p>	<p>Responsible for administration, management, and operation of the pension system solely for active and retired police officers of the City. One member of the Board is appointed by the Mayor, three are elected by employees, two are elected by retirees, and one is the City Treasurer. There is a fiscal dependency on the City, and there is the potential that exclusion would result in misleading financial reporting.</p> <p>Reporting Fund: Houston Police Officer's Pension Trust Fund.</p>

Following are the City's discretely presented business-type component units:

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<p><i>Houston First Corporation</i> <i>1001 Avenida De Las Americas</i> <i>Houston, TX 77010</i></p>	<p>On June 1, 2011, City of Houston City Council approved the consolidation of the City's Convention & Entertainment Facilities Department ("Department") operations into the Hotel Corporation ("Consolidation"), effective July 1, 2011, in order to bring various entities responsible for generating and spending City hotel occupancy tax (HOT) revenues under one governing body. In connection with the Consolidation, the Hotel Corporation reconstituted and renamed itself as "Houston First Corporation," and Houston First Corporation (HFC) assumed the primary roles and responsibilities of the Department. To accomplish this, the Hotel Corporation amended its bylaws and articles of incorporation to broaden its authority to accomplish its expanded duties and responsibilities. There is a fiscal dependency on the City, as well as a financial burden on the City, and there is the potential that exclusion would result in misleading financial reporting. HFC has a December 31 year end.</p>
<p><i>Houston Housing Finance Corporation</i> <i>9545 Katy Freeway, Suite 105</i> <i>Houston, TX 77024</i></p>	<p>Non-profit corporation incorporated by the City in accordance with the Texas Housing Finance Corporation Act to finance residential mortgage loans to low or moderate-income persons through the sale of revenue bonds collateralized by the mortgage loans. The Board is nominated by the Mayor and confirmed by City Council. The City has financial accountability because it appoints a voting majority of the Board and a financial benefit/burden relationship exists, allowing the City to impose its will.</p>

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Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<p><i>Houston Zoo, Inc</i> <i>1513 Cambridge</i> <i>Houston, TX 77030</i></p>	<p>Houston Zoo, Inc. (HZI) is a 501(c)(3) nonprofit corporation and has a contract with Houston Zoo Development Corp to operate the Zoo. The Mayor may appoint up to 20% of the Board of Directors of HZI. Houston Zoo Development Corporation (HZDC) is a local government corporation that leases the zoo from the City. The lease provides for the City to make payments in support of capital and operating expenses over the lease term, which it makes available to HZI. There is a fiscal dependency on the City, as well as a financial burden on the City, and there is the potential that exclusion would result in misleading financial reporting.</p>

Following are the City's discretely presented governmental fund component units.

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
<p><i>City Park Redevelopment Authority</i> <i>c/o City of Houston – Mayor’s Office</i> <i>of Economic Development</i> <i>901 Bagby Street, 4th Floor</i> <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the City Park Tax Increment Reinvestment Zone Board in the redevelopment of a neighborhood northwest of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by the City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City.</p>
<p><i>East Downtown Redevelopment Authority</i> <i>c/o Bracewell & Giuliani, LLP</i> <i>711 Louisiana Street, Suite 2300</i> <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the East Downtown Tax Increment Zone Board in the redevelopment of a blighted neighborhood east of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City.</p>
<p><i>Fifth Ward Redevelopment Authority</i> <i>c/o Fifth Ward Community</i> <i>Redevelopment Corporation</i> <i>Zone Administrator</i> <i>P. O. Box 21502</i> <i>Houston, TX 77226-1502</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Fifth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. The City has investment authority for the Zone's assets.</p>
<p><i>Fourth Ward Redevelopment Authority</i> <i>410 Pierce Street, Suite 355</i> <i>Houston, TX 77002</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Fourth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. The City has investment authority for the Zone's assets.</p>
<p><i>Greater Greenspoint Redevelopment Authority</i> <i>16800 Greenspoint Park Drive, #160S</i> <i>Houston, TX 77060</i></p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Greater Greenspoint Tax Increment Reinvestment Zone Board in the redevelopment of the Greenspoint Mall and a blighted adjacent neighborhood in North Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.</p>
<p><i>Greater Houston Convention and Visitors Bureau</i> <i>1331 Lamar Street, Suite 700</i> <i>Houston, TX 77010</i></p>	<p>A non-profit organization established in 1963 and funded by both private sector memberships and a portion of the hotel occupancy tax. Their mission is to improve the economy of Greater Houston by attracting conventions, tourists, film projects and international government officials to the area through sales and marketing efforts. The City has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City.</p>

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***Gulfgate Redevelopment Authority
c/o Bracewell & Giuliani, LLP
711 Louisiana Street, Suite 2300
Houston, TX 77002***

***Hardy/Near Northside Redevelopment Authority
c/o Bracewell & Giuliani, LLP
711 Louisiana Street, Suite 2300
Houston, TX 77002***

***Houston Area Library Automated Network
Houston Central Library
500 McKinney Street
Houston, TX 77002***

***Houston Arts Alliance
3201 Allen Parkway, Suite 250
Houston, TX 77019***

***Houston Civic Events, Inc
c/o City of Houston – Mayor’s Office of Special Events
901 Bagby Street, 1st Floor
Houston, TX 77002***

***Houston Downtown Park Corporation
1500 McKinney Street
Houston, TX 77010***

***Houston Forensic Science Center, Inc
1200 Travis Street, 20th Floor
Houston, TX 77002***

Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Gulfgate Tax Increment Reinvestment Zone Board in the redevelopment of the Gulfgate Mall and a blighted adjacent neighborhood southeast of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists allowing the City to impose its will.

A non-profit corporation established by the City of Houston in 2009 in accordance with Chapter 311 of the Texas Tax Code. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists allowing the City to impose its will.

Provides review and guidance to the operation, funding and development of the Houston Area Library Automated Network, which provides library services to Houston and surrounding communities. Three members are appointed by City Council, two by the County, and one elected by the smaller libraries. The City does not appoint a voting majority, but is financially accountable for this organization because HALAN is fiscally dependent on the City for revenues, allowing the City the ability to impose its will.

A 501(c)(3) nonprofit corporation with a mission to enhance the city’s quality of life through advancing and investing in the arts and diverse cultural programming. The Alliance awards grants, provides arts-related services and manages portions of the City’s Civic Art Program. The City has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City for the revenues provided from a portion of hotel occupancy tax.

A 501(c)(3) non-profit, local government corporation and component unit created specifically to support the City’s Civic Celebration Program. Under the existing structure, donations and sponsorship revenues received by the Mayor’s Office of Special Events are currently housed with two component units, Houston Parks Board, Inc. and Central Houston Civic Improvement, Inc. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to aid and act on behalf of the City to accomplish the City’s governmental purpose of providing for the acquisition, development, operation, and maintenance of a new public park, open space and related amenities and facilities to provide recreational, educational and tourism opportunities within, and beautification of the Central Business District of the City. Additionally, the corporation maintains an enterprise fund to account for the activities of the Discovery Green Parking Garage. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to provide forensic science services previously provided by the Houston Police Department. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.

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Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

Houston MediaSource
410 Roberts Street
Houston, TX 77003

A Non-Profit organization organized to coordinate and develop all public and educational cable access activities within the City of Houston. Funding is provided by Public and Educational and Government Access (PEG) payments made to the city by cable operators under the City's cable franchises with respect to the annual support of the PEG Channels for the support of public, educational, and governmental access programming. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.

Houston Museum District Association
1401 Richmond Avenue, Suite 290
Houston, TX 77006

A 501(c)(3) nonprofit corporation with a mission to making cultural arts accessible to all and creating unparalleled opportunities for education, inspiration and recreation. The Association allocates funding, holds free events and conducts marketing. The City has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City for the revenues provided from a portion of hotel occupancy tax.

Houston Parks Board LGC, Inc
300 N. Post Oak Lane
Houston, TX 77024

Solicits and manages funds raised privately for park acquisitions and advises the Mayor and City Council on park acquisitions and improvements, which provide a direct benefit to the City. The Houston Parks Board administers and manages the LGC's business operations. LGC board members are nominated by the Mayor and confirmed by City Council, allowing the City to impose its will. Upon dissolution, all assets revert to the City. There is a potential that exclusion would result in misleading financial reporting.

Houston Public Library Foundation
Houston Central Library
P.O. Box 2109
Houston, TX 77252-2109

Solicits and manages funds raised privately for library improvements and advises the Mayor and City Council on additions and improvements to the library system that provide a direct benefit to the City. Board members are nominated by the Mayor and confirmed by City Council, allowing the City to impose its will. There is a potential that exclusion would result in misleading financial reporting.

Houston Recovery Center, LGC
150 North Chenevert Street, Suite 100
Houston, TX 77002

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to provide management of the Houston Center for Sobriety. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial burden to the City, allowing the City to impose its will.

Lake Houston Redevelopment Authority
c/o City of Houston – Mayor's Office
of Economic Development
901 Bagby Street, 4th Floor
Houston, TX 77002

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist Tax Increment Reinvestment Zone 10 Board in the redevelopment of the Lake Houston area. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

Lamar Terrace Public Improvement District
City of Houston
P. O. Box 1562
Houston, TX 77251

Special tax district organized under state statute to redevelop a blighted neighborhood in Southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City, allowing the City to impose its will.

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Land Assemblage Redevelopment Authority
City of Houston
P.O. Box 1562
Houston, TX 77251-1562

The Land Assemblage Redevelopment Authority (LARA) is a 13-member board appointed by the Mayor, City Council, Harris County and the Houston Independent School District. The LARA is organized for the purpose of aiding, assisting and acting on behalf of the City in the performance of its governmental functions to promote the common good and general welfare of the City and in undertaking and completing one or more projects, as may be defined or determined by the City Council. The City has financial accountability because the voting majority of the board members are nominated by City Council, allowing the City to impose its will, and the operations provide financial benefits to the City.

Leland Woods Redevelopment Authority I
c/o Bracewell & Giuliani, LLP
711 Louisiana Street, Suite 2300
Houston, TX 77002-2770

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act and Chapter 394 of the Texas Local Government Code to assist the City and Tax Increment Reinvestment Zone Number 22 in the redevelopment of a blighted neighborhood. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.

Leland Woods Redevelopment Authority II
c/o Bracewell & Giuliani, LLP
711 Louisiana, Suite 2300
Houston, TX 77002-2770

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act and Chapter 394 of the Texas Local Government Code to assist the City, Leland Woods Redevelopment Authority and Tax Increment Reinvestment Zone Number 22 in the redevelopment of a blighted neighborhood. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.

Main Street Market Square Redevelopment Authority
909 Fannin, Suite 1650
Houston, TX 77010

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Main St./Market Square Tax Increment Reinvestment Zone Board in the redevelopment of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

Memorial City Redevelopment Authority
8955 Katy Freeway, Suite 215
Houston, TX 77024

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Memorial City Tax Increment Reinvestment Zone Board in the redevelopment of the Memorial City Mall and the Town & Country Mall areas west of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

Memorial-Heights Redevelopment Authority
c/o John Kuhl, Attorney
SK Law
1980 Post Oak Boulevard, Suite 1380
Houston, TX 77056

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Memorial Heights Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

Midtown Redevelopment Authority
410 Pierce Street, Suite 355
Houston, TX 77002

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Midtown Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood south of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

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Brief Description of Activities, Relationship to City, and Key Inclusion Criteria

Miller Theatre Advisory Board, Inc
6000 Hermann Park Drive
Houston, TX 77030-1702

A 501(c)(3) nonprofit corporation with a mission to act as a steward of public and private funds to provide professional-caliber performances, free to the public, at the Miller Outdoor Theatre for the cultural enrichment of Houston's diverse communities and visitors to this great city. Miller Outdoor Theatre is owned by the City and the Board awards grants to various artistic and performing groups for performances at Miller Outdoor Theater. The City has financial accountability because the directors are appointed by the Mayor and approved by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City for the revenues provided from a portion of hotel occupancy tax.

Old Sixth Ward Redevelopment Authority
c/o City of Houston
611 Walker, 10th Floor
Houston, TX 77002

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Old Sixth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council, the operations provide financial benefits to the City, and the City has investment authority for the Authority's assets.

OST/Almeda Corridors Redevelopment Authority
5445 Almeda Road, Suite 545
Houston, TX 77004

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the OST/Almeda Corridors Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood south of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

Saint George Place Redevelopment Authority
c/o Hawes Hill Calderon LLP
P.O. Box 22167
Houston, TX 77227-2167

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the St. George Place Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood in southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council. The operations provide financial benefits to the City and the City has investment authority for the Authority's assets.

South Post Oak Redevelopment Authority
c/o City of Houston – Mayor's Office of Economic Development
901 Bagby Street, 4th Floor
Houston, TX 77002

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the South Post Oak Tax Increment Reinvestment Zone Board in the development of an affordable housing project in Southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council, and the operations provide financial benefits to the City.

Southwest Houston Redevelopment Authority
c/o Hawes Hill Calderon LLP
P.O. Box 22167
Houston, TX 77227-2167

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Southwest Houston Tax Increment Reinvestment Zone Board (TIRZ 20) in the redevelopment of the Sharpstown Mall and adjacent neighborhoods southwest of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

Stadium Park Redevelopment Authority
10103 Fondren Road, Suite 300
Houston, TX 77096

To enhance the various corridors around the NRG Reliant complex park with general improvements in the form of landscaping and street improvement such as lighting, signage, and way-finding graphics. Private funds will be actively sought and interlocal agreements entered into with other governmental agencies as needed. The Authority will serve as a catalyst to encourage adjacent property owners and/or institutions to improve their properties.

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<u>Discretely Reported Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
<i>Theater District Improvement, Inc</i> <i>c/o Houston Downtown Alliance</i> <i>912 Prairie Street, Suite 250</i> <i>Houston, TX 77002</i>	A 501(c)(3) nonprofit corporation with a mission to enhance the quality of life and tourism in the Houston region and beyond by supporting and promoting the Theater District programs, initiatives and communication efforts. Theater District Improvement distributes grants, holds and annual open house and conducts marketing. The City has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City for the revenues provided from a portion of hotel occupancy tax.
<i>Upper Kirby Redevelopment Authority</i> <i>3120 Southwest Freeway, Suite 102</i> <i>Houston, TX 77098</i>	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Upper Kirby Tax Increment Reinvestment Zone Board in the redevelopment of a neighborhood west of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.
<i>Uptown Development Authority</i> <i>1980 Post Oak Boulevard, Suite 1700</i> <i>Houston, TX 77056</i>	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Uptown Tax Increment Reinvestment Zone Board in the redevelopment of the Galleria Mall area, west of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

2. Related Organizations

The following entities are related organizations to which the City appoints board members but for which the City has no significant financial accountability. Some of these organizations are Access Houston Cable Corporation, Coastal Water Authority, Employees Deferred Compensation Plan, Harris County–Houston Sports Authority, Metropolitan Transit Authority of Harris County, Houston Clean City Commission, and the Miller Theater Advisory Council. All transactions with these related organizations are conducted in the ordinary course of business. Further financial information is available from the respective organizations.

C. Basis of Presentation – Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable and is a financial burden/benefit.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The accounts of the City are organized on the basis of funds, each of which is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance/net position, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations. The type and purpose of funds is described below.

Fund Accounting

1. The City reports the following major governmental funds:

- (a) *General Fund* - is the principal operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

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- (b) **Debt Service Fund** - is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of tax supported debt.
- (c) **Capital Projects Fund** - is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Such resources are derived principally from proceeds of public improvement bonds and from special assessments.
- (d) **Grants Fund** - is used to account for grant resources received from various local, state and federal sources. The use of these resources is restricted to a particular function of the City by each grantor.

2. The City reports the following major enterprise funds:

- (a) **Airport System Fund** - is used to account for the operations of the City's Airport System. The system is comprised of George Bush Intercontinental Airport, William P. Hobby Airport, and Ellington Airport.
- (b) **Convention and Entertainment Facilities Fund** - is used to account for the operations of the City's major entertainment facilities, outdoor venues, and parking garages and surface lots. These assets include, but are not limited to, the following: George R. Brown Convention Center, Gus S. Wortham Center, Jesse H. Jones Hall, Houston Center for the Arts, Talento Bilingual de Houston, Jones Plaza, and Theater District parking garages.
- (c) **Combined Utility System Fund** - is used to account for the production and transmission of water and the treatment of wastewater for City residents and businesses as well as for other governmental entities located in the Houston area.

3. The City reports the following additional funds:

- (a) **Nonmajor Special Revenue Funds** - are used to account for the proceeds of specific revenue sources (other than identified major fund) that are legally restricted to expenditures for specific purposes.
- (b) **Internal Service Funds** - are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.
- (c) **Fiduciary Fund Types** - are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. These include the following:
 - (1) **Pension Trust Funds** - are used to account for the assets held in trust for the members and beneficiaries of the City's three defined benefit pension plans.
 - (2) **Agency Funds** - are custodial in nature and do not involve measurement of results of operations.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements display information about the City as a whole. Government-wide statements exclude both fiduciary funds and fiduciary component units. The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with Statement of Government Accounting Standards No. 33, "Accounting and Financial Reporting for Non-exchange Transactions". Program revenues include (1) amounts received from those who purchase, use, or directly benefit from a program, (2) amounts received from parties outside the City of Houston's citizenry that are restricted to one or more specific programs and (3) earnings on investments that are legally restricted for a specific program. Program revenue is divided into three categories: (1) charges for services, (2) operating grants and contributions and (3) capital grants and contributions.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current period. Expenditures are recognized under the modified accrual basis of accounting in the accounting period in which the fund liability is incurred, if measurable. Claims, judgments and compensated absences are recognized when matured.

The following types of revenues are susceptible to accrual under the modified accrual basis of accounting: property taxes, including delinquent property taxes (including penalty and interest); services billed to other funds; sales tax; mixed beverage tax; franchise fees;

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finances and forfeits; ambulance receipts; and investment earnings. Intergovernmental revenue from reimbursable grants and capital projects is recognized when the related expenditure is incurred.

All governmental funds and certain component units, are accounted for using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balances (net current assets) are considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of certain long-term receivables, primarily property taxes and special assessments, are reported on the balance sheets of governmental funds in spite of their spending measurement focus. Special reporting treatments are used to indicate that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund revenues represented by noncurrent receivables is deferred until they become current receivables and reported as deferred inflow.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Proprietary funds and pension trust funds of the primary government and certain component units are accounted for on a cost of services or "economic resources" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position.

All proprietary funds define operating revenues and expenses consistent with the precepts of Statement of Government Accounting Standards No. 9 paragraphs 16 – 19 and 31: cash receipts from customers, cash receipts from interfund services provided and used with other funds and other operating cash receipts. All other revenues or expenses recognized are non-operating.

All proprietary and pension trust funds use the full accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses and related liabilities, including claims, judgments, and compensated absences, are recognized when they are incurred.

When restricted and unrestricted resources are available to cover expenses, unrestricted resources are first applied. Administrative overhead charges are included in direct program expenses.

E. Assets and Liabilities

1. Deposits and Investments

Substantially all cash, except for imprest accounts, is deposited with financial institutions in non-interest bearing accounts. The City's deposit account is considered as a non-interest bearing account. Instead of receiving interest on the accounts, the City receives the "Earnings Credit Rate". The majority of the City's cash and investments are administered using a pooled concept, which combines the monies of various funds for investment purposes. Interest earnings of the pool are apportioned to each fund, unless otherwise required by bond covenants, based on the fund's relative share of the investment pool. All cash and investments are displayed on the statement of net position as "Equity in pooled cash and investments" and in accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", are carried at fair value. The blended and discretely presented component units separately invest their funds and report investments pursuant to their respective investment policies described in their separately audited financial statements at their fair values.

"Equity in pooled cash and investments" is further split into current and non-current in accordance with GASB Statement 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements".

The City considers all highly liquid debt securities with a maturity date of three months or less to be cash equivalents.

Investments authorized by the City's investment policy, which is guided by state laws and city ordinances, generally include: obligations of the United States of America or its agencies and instrumentalities; fully-collateralized Certificates of Deposit from City Council-approved public depositories; direct obligations of the State of Texas or its agencies and instrumentalities; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities, and other political subdivisions; no-load money market mutual funds registered and regulated by the Securities and Exchange Commission; corporate commercial paper; fully collateralized repurchase agreements; and reverse repurchase agreements within specific terms. Investments are carried at fair value based on quoted market prices.

CITY OF HOUSTON, TEXAS
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2. Inventories of Materials and Supplies

With the exception of fuel, inventories are carried at the average cost in government-wide, proprietary and governmental funds. Inventories are presented under the consumption method. These inventories include: automobile parts, chemical and medical supplies, uniforms and their accessories, vaccines and office supplies. Fuel is carried at market/replacement cost.

3. Capital Assets

a. Governmental Funds and Governmental Activities - Property, Plant, Equipment, and Infrastructure

Capital Asset valuation is based on historical costs, if purchased or constructed, or estimated historical costs, if original costs are not available.

Capital acquisition and construction are reflected as expenditures in governmental funds and are capitalized in the Governmental Activities column in the government-wide financial statements.

Capital Assets, which include land; building and improvements; improvements other than buildings, machinery and equipment; construction in progress; and infrastructure (e.g. storm drainage, streets and bridges), are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. These capital assets include the estimated historical cost of infrastructure acquired prior to fiscal year 1981. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year.

Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as work-in-progress projects as constructed.

Capital Assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Life
Buildings and improvements	Range from 20 to 45 years
Improvements other than buildings	Range from 15 to 30 years
Machinery	Range from 5 to 30 years
Equipment	Range from 3 to 15 years
Storm drainage	50 years
Streets	Range from 6 to 50 years
Bridges	Range from 20 to 50 years

b. Enterprise Funds – Property, Plant and Equipment

Property, plant, and equipment owned by the Enterprise Funds are stated at cost or estimated historical cost if original cost is not available. Construction costs (excluding land and equipment) are added to work-in-progress until the assets are substantially complete. At that point, the project is moved to the appropriate asset category and depreciation begins. Land and equipment costs are added to the capital asset base in the year of acquisition. Interest costs on funds borrowed to finance the construction of property, plant and equipment of the enterprise funds are capitalized when the interest costs materially exceed interest earnings on related revenue bond proceeds. For fiscal year 2015, the capitalized interest cost for the Airport System Facilities was \$5.8 million and Combined Utility System Fund was \$13.1 million. Depreciation on equipment begins in the year of acquisition.

Depreciation is computed using the straight-line method on the composite asset base over the estimated useful lives as follows:

<u>Assets</u>	<u>Years</u>
Airport System Facilities	4-50
Convention & Entertainment Facilities	5-45
Combined Utility System Facilities	5-50

Water rights and conveyance system rights of the Combined Utility System Fund are not amortized. Garage rights of the Convention and Entertainment fund are amortized over the life of the related contracts. These rights are reported as capital assets. Land use and avigation easements of the Houston Airport System are not amortized.

CITY OF HOUSTON, TEXAS
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4. Bond Premiums, Discounts and Issuance Costs

Bond premiums, discounts and prepaid bond insurance costs in Enterprise Funds are amortized over the term of the bonds using the effective interest or straight-line amortization method. Gains or losses on Enterprise Fund refundings are reported as deferred inflows or outflows and are amortized over the term of the lesser of the new bonds or the refunded bonds using the straight-line or effective interest method. Debt issuance costs are recognized as expenditures/expenses when incurred.

5. Reclassifications

In the fund financials, revenues that have met the eligibility criteria for future years except for the time availability have been reclassified from liabilities to deferred inflows of resources. In the government wide financials, the unamortized loss on refunding has been reclassified from long-term debt to deferred outflows.

F. Deferred Outflows and Inflows of Resources

In accordance with Government Accounting Standards Board Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, the City reports deferred outflows of resources in the Statement of Net Position in a separate section following Assets. Similarly, the City reports deferred inflows of resources in the Statement of Net Position in a separate section following Liabilities.

The components of the deferred outflows of resources and deferred inflows of resources are as follows (in thousands):

	<u>Governmental Activities</u>	<u>Aviation</u>	<u>Business Type Activities</u> <u>Convention & Entertainment</u>	<u>Combined Utility System</u>
Deferred Outflows of Resources				
Deferred outflows from pension activities	\$ 1,114,909	\$ 10,446	\$ 198	\$ 16,182
Unamortized deferred bond refunding costs/SWAP liability	43,222	33,044	-	323,042
Total Deferred Outflows of Resources	<u>\$ 1,158,131</u>	<u>\$ 43,490</u>	<u>\$ 198</u>	<u>\$ 339,224</u>
Deferred Inflows of Resources				
Deferred inflows from pension activities	\$ 37,725	\$ 1,847	\$ 35	\$ 2,900
Deferred inflows from unearned revenues/refunded debt	159,406	-	7,652	-
Total Deferred Inflows of Resources	<u>\$ 197,131</u>	<u>\$ 1,847</u>	<u>\$ 7,687</u>	<u>\$ 2,900</u>

G. Fund Balances and Budget Stabilization Arrangements

1. Fund Balance Descriptions

- a. **Non-spendable** - indicates that portion of a fund balance that cannot be spent because they are either:
 - 1) not in spendable form (such as inventories and prepaid amounts) or
 - 2) legally or contractually required to be maintained intact.
- b. **Restricted** - indicates that portion of a fund balance for which external constraints are placed on the use of resources that are either:
 - 1) Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - 2) imposed by law through constitutional provisions or enabling legislation.
- c. **Committed** – refers to that portion of a fund balance that can only be used for specific purposes pursuant to constraints imposed by ordinance of the City Council. The same formal action is required to remove the limitation.
- d. **Assigned** – indicates that portion of a fund balance that are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. City Council may assign fund balance through approval of budget appropriations.
- e. **Unassigned** – residual net resources as a positive balance within the general fund only.

CITY OF HOUSTON, TEXAS
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2. Fund Balance Summary

A Summary of the nature and purpose of fund balances at June 30, 2015 is as follows (in thousands):

	Governmental Fund Balances										Total	Total
	General	Debt Service	Capital Projects	Grant	Non-Major Special Revenue Funds					Total Nonmajor		
					Public Safety	Public Works	Health & Housing	Parks	Other			
Fund balances:												
Non-spendable:												
Inventory	14,023	-	-	416	-	1,548	-	-	-	-	1,548	15,987
Prepaid items	2,427	-	472	-	-	-	-	-	-	-	-	2,899
Total non-spendable	16,450	-	472	416	-	1,548	-	-	-	-	1,548	18,886
Restricted for:												
Grants and other purposes	-	-	-	-	-	-	-	-	4,632	-	4,632	4,632
Police special purpose	445	-	-	-	6,068	-	-	-	-	-	6,068	6,513
Public transit operations	-	-	-	-	-	-	-	-	2,191	-	2,191	2,191
Capital construction	-	-	-	-	-	26,228	-	-	-	-	26,228	26,228
Affordable housing programs	-	-	-	-	-	-	14,199	-	-	-	14,199	14,199
Health services	637	-	-	9,772	-	-	-	-	57,967	-	57,967	68,376
Community development	-	-	-	-	-	-	-	347	159	-	506	506
Capital construction	26,014	-	14,251	-	-	-	-	-	8,338	-	8,338	48,603
Debt service	-	122,349	-	-	-	-	-	-	-	-	-	122,349
Total restricted	27,096	122,349	14,251	9,772	6,068	26,228	14,199	347	73,287	-	120,129	293,597
Committed to:												
Community development	3,347	-	-	-	6	-	-	408	476	-	890	4,237
Economic development	-	-	-	-	-	-	-	-	2,072	-	2,072	2,072
Court operations	-	-	-	-	1,564	-	-	-	54	-	1,618	1,618
Police special purpose	-	-	-	-	10,669	8	-	-	-	-	10,677	10,677
Emergency services	-	-	-	-	5,227	-	-	-	-	-	5,227	5,227
Capital construction	2,074	-	-	-	-	-	-	-	-	-	-	2,074
Public parks and preserves	690	-	-	-	-	1,705	-	-	-	-	1,705	2,395
Recycling programs	-	-	-	-	-	2,131	-	-	-	-	2,131	2,131
Development services	-	-	-	-	-	41,586	-	-	-	-	41,586	41,586
Health services	-	-	-	-	-	-	9,883	-	-	-	9,883	9,883
Affordable housing programs	-	-	-	-	-	-	-	-	885	-	885	885
Public parks and preserves	-	-	-	-	-	-	-	7,997	-	-	7,997	7,997
Public transportation operations	-	-	-	-	-	-	-	-	2,369	-	2,369	2,369
Total committed	6,111	-	-	-	17,466	45,430	9,883	8,405	5,856	-	87,040	93,151
Assigned:												
Capital construction	-	-	125,061	-	-	-	-	-	-	-	-	125,061
Unassigned:												
Unassigned	301,231	-	-	-	-	-	-	-	-	-	-	301,231
Total	350,888	122,349	139,784	10,188	23,534	73,206	24,082	8,752	79,143	-	208,717	831,926

3. Budget Stabilization Arrangements

In accordance with City Ordinance 2014-1078, the City created a Budget Stabilization Fund in an amount not less than the greater of (a) 1% of General Fund expenditures (excluding debt service payments) or (b) \$20 million, which may be used in accordance with the definition of the fund. Any proposed use of the Budget Stabilization Fund shall be accompanied by a justification to City Council and shall require approval from two-thirds of the City Council present and voting. When an event causing use of the Budget Stabilization Fund has concluded, the City shall allocate sufficient funds by the end of the second subsequent full fiscal year to restore the Budget Stabilization Fund to at least minimum levels. On June 30, 2015 City Ordinance 2015-637 was passed, authorizing transfer of \$17 million to the 2015 Flood Disaster and Recovery Fund.

Also in accordance with City Ordinance 2014-1078, the City will maintain Fund Balance as additional insurance against disasters, emergencies, and economic instability. The City's desired minimum unassigned Fund Balance for any given fiscal year is 7.5% of General Fund expenditures for that fiscal year, excluding debt service payments. These amounts are included in the General Fund's Unassigned Fund balance.

H. Transfers, Revenues, Expenditures and Expenses

1. Interfund Transactions

A description of the four basic types of interfund transactions and the related accounting policies are as follows:

CITY OF HOUSTON, TEXAS
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- a. Loans are reported as receivables and payables as appropriate.
- b. Charges for services are reported as revenues for the performing fund and expenditures of the requesting fund.
- c. Transactions to reimburse a fund for expenditures made by it for the benefit of another fund are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the fund that is reimbursed.
- d. All other interfund transfers, such as legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, are transfers. Transfers are classified as other financing sources or uses (or transfers for proprietary funds) in the Statement of Revenues, Expenditures (or expenses) and Changes in Fund Balances (or net position). For reporting at the government-wide statements level, the City eliminates direct interfund charges for services and the balances created within the same fund categories (i.e. governmental vs. business-type). This process ensures neither business-type nor governmental funds report direct internal revenue/expenditures. Interfund activity and balances resulting from transactions with the fiduciary funds are not eliminated. Instead the fiduciary interfund activity and balances are treated as transactions with an external party. Interfund activity with discretely presented component units are handled in the same manner as fiduciary interfund activity balances. However, the discretely presented balances are reported on a separate line of the Statement of Net Position. The Internal Service Fund is essentially a clearing account for income, expenses, assets and liabilities of the City's health benefits and long-term disability programs.

2. Compensated Absences

Full-time civilian employees of the City are eligible for 10 days of vacation leave per year. After four years, employees receive 15 days. The amount of vacation time gradually increases after that, reaching a maximum of 25 days per year after 18 years of service. Employees may accumulate up to 105 days of vacation leave (60 days for employees with a computation date after December 31, 1999). However, upon termination or retirement, full-time civilian employees are paid a maximum of 90 days of unused vacation leave (45 days for employees with a computation date after December 31, 1999) which is based on the average rate of pay during the employee's highest 60 days of employment. Part-time and temporary employees are not eligible for vacation or sick leave benefits. Firefighters accrue 15 to 22 days of vacation annually, based upon years of service. Police officers participate in a paid time off program that combines sick and vacation leave. Officers enter the program upon completion of their probationary period and then accrue 15 to 40 days annually, based upon years of service.

The majority of full-time civilian employees and firefighters are covered under the compensatory sick leave plan and receive a leave time allowance of 2.5 hours per payroll period (bi-weekly) up to a maximum of 65 hours per year. Employees who use fewer than 65 hours during the benefit year will receive a match of additional hours equal to the number of hours accrued minus the number of hours used. Once an employee's balance has reached 1,040 hours, no additional match for unused hours is given. Upon termination, all unused sick leave time allowances in excess of 1,040 hours are payable to the employee at the employee's rate of pay at the time of termination. An employee who uses less than 16 hours of sick leave in any benefit year receives up to three days of personal leave in the next year. Personal leave may be used in place of vacation leave, but will not accumulate and will not be paid out at termination. The balance of full time civilian employees and firefighters are covered by a sick plan that was closed to employees in 1985. That plan accumulates a cash value for every sick day not used, which is payable upon resignation or retirement. As noted above, classified police officers are covered by a paid time off plan.

The City also has adopted policies of compensatory time to comply with the Fair Labor Standards Act as amended in 1985. These policies provide limits to the accumulation of compensatory time and also provide that time not used will be paid in cash. Only classified employees and civilian employees in certain pay grades routinely earn compensatory time.

To the extent that the City's obligation is attributable to employees' services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, vacation and compensatory time benefits are accrued as liabilities (on a government-wide basis) as employees earn the benefits. On a fund financial statement basis for the governmental funds, only matured liabilities and liabilities expected to be liquidated with current assets are accrued. Sick leave benefits are accrued as a liability as employees earn the benefits, but only to the extent that it is probable that the City will compensate the employees through cash payments conditioned on the employees' termination or retirement. A compensated absence is liquidated in the fund where the employee's salary was paid at termination, with all compensated absences liquidated in the general fund that are associated with employees' salaries paid from governmental funds.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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J. Internal Service Funds

The Internal Service Funds' purpose is to measure the full cost of providing health benefits and long- term disability to City employees and dependants for the purpose of fully recovering that cost through fees or charges – employee payroll deductions and expenditures in departmental personnel budgets. Any profit (loss) during a period is credited (charged) back to participating programs. All assets and liabilities are reported in the governmental activities column of the Statement of Net Position.

K. Airport System Consolidated Rental Car Facility

On June 30, 2015, the Airport System Fund elected to make a change in accounting principle for the Consolidated Rental Car Facility (CRCF). The Airport System Fund elected to recognize the CRCF as an asset; to recognize the related debt obligations for the Airport System Special Facilities Taxable Revenue Bonds (CRCF Project), Series 2001, and for the Airport System Special Facilities Taxable Revenue Refunding Bonds, (CRCF Project) Series 2014; to recognize Customer Facility Charge (CFC) revenues; and to recognize CRCF administrative expenses. The Airport System Fund believes that this method is preferable because: 1) the Airport Fund does not operate the CRCF or guarantee the bonds, but the Airport System Fund does have the authority to make important decisions regarding investments, rate-setting, space allocation, and spending for common areas; and 2) this will make the financial reports of the Airport System Fund more comparable to other airports' financial reports. In prior reporting periods, the Airport System Fund elected not to report these items consistent with Governmental Accounting Standards Board (GASB) guidance for conduit debt obligations and facilities financed with conduit debt obligations. The Airport System Fund has applied this change in accounting principle as of July 1, 2014, with retroactive application in comparative columns.

The effects are as follows:

AIRPORT SYSTEM FUND
EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE
ADDITION OF CONSOLIDATED RENTAL CAR FACILITY (CRCF)
(in thousands)

	Original		Revised
	June 30, 2014	CRCF	June 30, 2014
Assets			
Current assets	\$ 329,207	\$ 7,071	\$ 336,278
Noncurrent assets	799,016	32,717	831,733
Capital assets	2,777,104	84,690	2,861,794
Total assets	3,905,327	124,478	4,029,805
Deferred Outflows of Resources			
	35,972	1	35,973
Liabilities			
Current liabilities	167,334	7,607	174,941
Long term liabilities	2,404,244	101,485	2,505,729
Total liabilities	2,571,578	109,092	2,680,670
Deferred Inflows of Resources			
	-	-	-
Net position			
Net investment in capital assets	490,712	(20,740)	469,972
Restricted net position	879,009	36,127	915,136
Unrestricted net position	-	-	-
Total net position	\$ 1,369,721	\$ 15,387	\$ 1,385,108

The customer facility charges are not pledged to the payment of any debt or obligation of the City or Airport Fund other than the Special Facilities Taxable Revenue Bonds (CRCF), Series 2001 and the Special Facilities Taxable Revenue Refunding Bonds (CRCF), Series 2014. The Special Facilities Taxable Revenue and Refunding Bonds do not constitute an indebtedness or general obligation of the City or Airport System Fund, other than the pledged revenues and pledged funds. For additional information, see Notes 6 and 8 and the Airport System Fund statistical tables.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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L. New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions". This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 68 in this annual report.

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations". This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. The City has implemented GASB No. 69 in this annual report, however, it does not have any current impact on the City.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City has implemented GASB No. 71 in this annual report.

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application". This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement will improve the usefulness of information for decisions made by the various users of the general purpose external financial reports. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement will improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

M. Effect of Implementation of New and Change in Accounting Standard

As a result of implementing GASB 68, net position/(deficit) was restated at July 1, 2014. With the adoption of GASB 68, the City is reporting the difference between the Net Pension Obligation calculation and the Net Pension Liability calculation as a reduction to the prior year net position/(deficit). The Airport System Fund has also been adjusted to include the effect of the Consolidated Rental Car Facility.

	<u>Governmental Activities</u>	<u>Aviation</u>	<u>Business Type Activities</u>	<u>Convention & Entertainment</u>	<u>Combined Utility System</u>
July 1, 2014, as previously reported	\$1,625,868	\$1,369,721	\$166,267		\$6,522
Adjustment for GASB 68	(2,477,939)	(178,003)	(609)		(273,806)
Adjustment for CRCF	-	15,387	-		-
July 1, 2014, as restated	<u>\$ (852,071)</u>	<u>\$ 1,207,105</u>	<u>\$ 165,658</u>		<u>\$ (267,284)</u>

CITY OF HOUSTON, TEXAS
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NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Position

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental fund statements. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the government-wide statement of net position. Also, during the year the City refunded some of its existing debt. The amount borrowed is received in the governmental funds and increases fund balance. The amount that was sent to the paying agent to be escrowed for payment of the old debt as it comes due is paid out of governmental funds and reduces fund balance. The difference between those amounts will be amortized as an adjustment to interest expense in the government-wide statement of activities over the remaining life of the refunded bonds.

Balances at June 30, 2015 were (in thousands):

Other deferred revenue	\$	170,287
Deferred inflows from pension		(37,725)
		\$ 132,562
Internal Service Fund total assets	\$	78,962
Internal Service Fund liabilities		(46,096)
Allocation to Proprietary Funds		(3,667)
		\$ 29,199
Bonds and notes payable	\$	(2,194,861)
Arbitrage rebate payable		(17)
Accrued interest		(40,327)
Compensated absences not reported at the fund level		(456,075)
Claims and judgments not reported at the fund level		(64,039)
Net pension liability		(4,937,257)
Other post employment benefits obligation		(1,336,233)
		\$ (9,028,809)

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B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statement of net position, however, issuing debt increases long-term liabilities and does not affect the government-wide statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the government-wide statement of net position.

Balances at June 30, 2015 were (in thousands):

Debt issued:	
Public Improvement Bonds	\$ 257,365
Commercial paper	117,000
Premium/Discount on bonds	42,169
	<u>\$ 416,534</u>
Repayments:	
Refunded commercial paper	\$ (232,450)
Refunded bonds	(71,794)
Principal payments	(181,014)
	<u>\$ (485,258)</u>
Amortization of:	
Premium	(15,716)
Net adjustment	\$ (15,716)
	<u>(15,716)</u>
Total	<u>\$ (84,440)</u>

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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the government-wide statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The adjustment is a combination of the following items (in thousands):

Property taxes earned but not available	\$ 21,317
Ambulance fees earned but not available	85,425
Fines and forfeits earned but not available	2,523
Other (primarily assessments) earned but not available	<u>61,133</u>
Total revenue not reported at fund level	<u>\$ 170,398</u>
Property taxes for prior periods	\$ (21,682)
Ambulance fees for prior periods	(61,374)
Fines and forfeits for prior periods	(3,845)
Other (primarily assessments) for prior periods	<u>(58,322)</u>
Total revenue for prior period transactions	<u>\$ (145,223)</u>
Interest on long-term debt	\$ (7,069)
Municipal Employees pension	(127,293)
Police Officers' pension	(1,037,561)
Firefighters' pension	(234,628)
Claims and judgments	11,330
Deferred Inflow from pensions	(37,725)
Deferred Outflow from pensions	1,114,909
Compensated absences	(7,545)
Other liabilities	(3,666)
Other post employment benefits	(140,826)
Decrease in other receivables	<u>(659)</u>
Total differences in accrued expenses	<u>\$ (470,733)</u>

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NOTE 3: DEPOSITS AND INVESTMENTS

A. Deposits

The City's investment policy requires all deposits to be fully collateralized with depository insurance; obligations of the United States of America or its agencies and instrumentalities (excluding those mortgage backed securities prohibited by the Public Funds Investment Act); or in any other manner and amount provided by law for the deposits of the City. At all times, such securities should have a fair value of not less than 102% of the amount of the deposits collateralized thereby, adjusted by the amount of applicable depository insurance. There were no deposits with custodial risk at year end.

Pooled Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed separately on the Statement of Net Position as "Equity in Pooled Cash" and "Investments." Participation in the Pool is limited to normal operating activities of the fund and other funds that are restricted because of statutory or contractual considerations, but does not include cash on hand (petty cash and change funds). Earnings from the Pool are allocated to the funds based upon each fund's average daily balance in the Pool. A summary of balances in pooled and non-pooled accounts follows.

	Cash and Cash Equivalents	Investments	Total Pooled Funds	Non-Pooled	Total Cash and Investments
Governmental Funds:					
General	\$1,576,520	\$267,671,032	\$269,247,552	\$97,311	\$269,344,863
Debt Service	1,236,100	117,135,828	118,371,929	812,533	119,184,462
Capital Projects	1,189,944	271,341,108	272,531,052	-	272,531,052
Grants	145,102	41,904,548	42,050,651	-	42,050,651
Nonmajor	954,821	245,949,774	246,904,595	3,856,021	250,760,616
Enterprise Funds:					
Airport System	4,890,837	1,177,835,530	1,182,726,366	39,580,627	1,222,306,993
Convention & Entertainment	441,009	114,186,841	114,627,850	8,803	114,636,653
Combined Utility	4,373,849	1,075,586,659	1,079,960,508	12,278	1,079,972,786
Internal Service:					
Health Benefits	316,868	67,235,661	67,552,529	-	67,552,529
Long-term Disability	39,853	9,567,286	9,607,139	-	9,607,139
Agency:					
City Deposits	537	130,400	130,937	-	130,937
Payroll Revolving	21,356	6,279,732	6,301,088	-	6,301,088
TIRZ Deposits	602,491	45,581,697	46,184,188	-	46,184,188
Component Unit Adjustment	-	(2,071,132)	2,071,132	-	-
Total	\$15,789,287	\$3,438,334,964	\$3,458,267,516	\$44,367,573	\$3,500,563,957

B. Investments and Risk Disclosures

The following describes the investment positions of the City's operating funds as of June 30, 2015. The City held \$3.4 billion in high grade, fixed income investments in three separate investment pools, each serving a specific purpose as described below. All investments are governed by state law and the City's Investment Policy, which dictates the following objectives, in order of priority:

1. Safety
2. Liquidity
3. Return on Investment
4. Legal Requirements

These funds are managed internally by City personnel. The investments listed below do not include the City's three pension funds, which are described separately in this report.

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1. General Investment Pool

The General Investment Pool consists of all working capital, construction, and debt service funds not subject to yield restriction under IRS arbitrage regulations. The funds of the City's enterprise systems, as well as the general fund, are commingled in this pool to gain operational efficiency. Approximately 99% of the City's total investable funds are held in this portfolio.

City of Houston	Credit Quality	Fair	WAM*
Investments As of June 30, 2015	Ratings (1)(2)	Value	(years)
U.S. Treasury Notes	N/A	\$ 1,052,082,318	1.884
Housing and Urban Development Notes	N/A	5,020,337	0.088
Agency Notes (3)	AAA	1,588,719,915	0.997
Agency Notes (3) (4)	Not Rated	156,969,197	1.301
Agency Notes (State of Israel Bond)	A+	5,002,380	0.0003
Mortgaged Backed Securities (3) (4)	Not Rated	36,690,054	2.228
Money Market Funds	AAA Short Term	91,188,006	0.003
Certificates of Deposit	FDIC Insured	1,002,521	0.255
Commercial Paper Notes	A-1+/P-1 Short Term	189,808,246	0.262
Municipal Bonds	AAA Long Term	71,213,812	0.532
Municipal Bonds	AA Long Term	218,040,995	1.226
Total Investments		\$ 3,415,737,781	1.232

* Weighted Average Maturity (WAM) is computed using average life of mortgage backed securities and effective maturity of callable securities.

- (1) Fitch Ratings Inc. has assigned an AAA credit quality rating and V1 volatility rating to the City's General Investment Pool. The AAA signifies the highest level of credit protection, and the V1 rating signifies volatility consistent with a portfolio of government securities maturing from one to three years.
- (2) All credit ratings shown are either actual Fitch ratings, or if a Fitch credit rating is not available, the equivalent Fitch credit rating is shown to represent the actual Moody's or Standard & Poor's credit rating.
- (3) These are securities issued by government sponsored enterprises, including the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Corporation (Fannie Mae), and Federal Farm Credit Bank.
- (4) These securities were issued by the Federal Home Loan Bank, Freddie Mac, Fannie Mae, and Farmer Mac. While these individual issues were not rated, senior lien debt of these entities is rated AAA.

Risk Disclosures:

Interest Rate Risk. In order to ensure the ability of the City to meet obligations and to minimize potential fair value losses arising from rising interest rate environments, the City's investment policy limits this investment portfolio's dollar-weighted average maturity to 2.5 years maximum. As of June 30, 2015, this investment portfolio's dollar-weighted average maturity was 1.232 years. Modified duration was 1.233 years. Modified duration can be used as a multiplier to determine the percent change in price of a bond portfolio for every 100 basis point (1%) change in yield. For example, a portfolio with a modified duration of 1.233 years would experience approximately a 1.233% change in market price for every 100 basis point change in yield.

Credit Risk – Investments. The US Treasury Notes and Housing and Urban Development Notes are direct obligations of the United States government. The agency notes, collateralized mortgage obligations, and mortgage backed securities were issued by government sponsored enterprises but are not direct obligations of the U.S. Government. The money market mutual funds were rated AAA. Long term municipal securities were rated at least AA-. Municipal securities considered short-term securities had the highest short term rating of A-1+.

Credit Risk – Securities Lending. Under its securities lending program, the City receives 102% of market value for its U.S. Treasury securities at the time the repurchase agreements are signed, and agreements are limited to 90 days by policy and have been less than 35 days by practice. At June 30, 2015 there were no securities lending agreements outstanding.

Custodial Credit Risk. The custodial credit risk for investments is the risk that in the event of failure of a counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the City, and are held by either the counterparty or the

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counterparty's trust department or agent but not in the City's name. As of June 30, 2015, none of the City's investments in the General Investment Pool 9900 were subject to custodial credit risk.

Foreign Currency Risk. Foreign currency risk is the risk that investments will change value due to changes in exchange rates between time of purchase and reporting or sale. The City's General Investment Pool is limited by policy to US dollar denominated investments and not subject to this risk

2. Tax Exempt Pool

The Tax Exempt Pool consists of those funds which are subject to yield restrictions and arbitrage regulation under the 1986 Tax Reform Act. All these investments were held in a tax-exempt municipal bonds and tax-exempt money market fund.

City of Houston	Credit Quality	Fair	
Investments As of June 30, 2015	Ratings	Value	WAM
Fidelity Tax-Exempt Money Market Mutual Fund	SEC 2a-7 fund	506,491	30 days
Municipal Bonds	AA+ Long Term	7,090,547	473 days
Total Investments		\$ 7,597,038	

Risk Disclosures:

Interest Rate Risk. In order to ensure the ability of the City to meet obligations and to minimize potential fair value losses arising from rising interest rate environments, the City's investment policy limits this pool's dollar-weighted average maturity to 1.5 years. As of June 30, 2015, the pool's dollar-weighted average maturity was 443 days. Modified duration was 1.164 years.

Credit Risk. The City's investment policy limits investments in the Tax-Exempt Pool to high quality securities with a maturity of less than three years and a minimum rating of AA if the yield is reasonably higher than that of a tax-exempt money market mutual fund. Otherwise, funds are invested in one or more tax-exempt money market mutual funds that are SEC registered and regulated under Rule 2a-7. Rule 2a-7 requires that the fund have a weighted average maturity of less than 60 days to maturity, that individual securities cannot be more than 397 days to maturity, and that securities have rating by a nationally recognized rating agencies in one of the two highest short-term rating categories.

Custodial Credit Risk. As of June 30, 2015, none of the City's investments in this pool were subject to custodial credit risk.

Foreign Currency Risk. The City's investments in this pool are all US dollar denominated and not subject to foreign currency risk.

3. Housing Department Section 108 Pool

The Housing Department Pool was created to comply with rules of the US Department of Housing and Urban Development ("HUD"), which requires that funds provided by HUD must be held in a separate custodial account for HUD's benefit. The primary goal of this fund is to meet the cash flow and investment needs of the City's Housing and Community Development HUD program.

City of Houston	Credit Quality	Fair	
Investments As of June 30, 2015	Ratings	Value	WAM
U.S. Treasury Bills	N/A	\$ 15,000,145	36 days

Risk Disclosures:

Interest Rate Risk. In order to ensure the ability of the City to meet obligations and to minimize potential fair value losses arising from rising interest rate environments, the City's investment policy limits this investment portfolio's dollar-weighted average stated maturity to six months maximum. As of June 30, 2015, this investment portfolio's dollar-weighted average stated maturity was 36 days. Modified duration was 0.101 years.

Credit Risk. The HUD pool consists only of U.S. Treasury Bills with maturities less than 6 months. HUD requires that investment of these funds must be in direct obligations of the United States Government.

Custodial Credit Risk. As of June 30, 2015 none of the City's investments in this pool were subject to custodial credit risk.

Foreign Currency Risk. The City's investments in this pool are all US dollar denominated and not subject to foreign currency risk.

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4. Miscellaneous Money Market Accounts

City of Houston Investments As of June 30, 2015	Credit Quality Ratings	Fair Value	WAM
JP Morgan US Government Money Market Fund: Airport System Special Facilities Revenue Bonds			
Series 1997A Reserve Fund and Car Rental Facility	AAA	39,444,623	44 days
JP Morgan US Treasury Securities Money Market Fund: Balances held for auction bonds debt service			
	AAA	139,802	53 days
First American US Treasury Money Market Fund: Balances held for commercial paper debt service			
	AAA	54,613	47 days
Total Miscellaneous Money Market Funds		\$ 39,629,038	

The City maintains several separate money market accounts outside the pools as described below:

Risk Disclosures:

Interest Rate Risk. These money market funds maintain an average maturity of less than 60 days and seek to maintain a stable net asset value of \$1.00. These funds are redeemable on a same day notice.

Credit Risk. These funds hold only US dollar denominated securities that present minimal credit risk. They have the highest credit ratings.

Custodial Credit Risk. As of June 30, 2015, none of the City's investments in this pool were subject to custodial credit risk.

Foreign Currency Risk. The City's investments in this pool are all US dollar denominated and not subject to foreign currency risk.

5. Houston Foundation

The Houston Foundation consists of the Hill Trust. It is reported as an Nonmajor Other Special Revenue Fund; its investments are laid out below. The Hill Trust was established by will in the early 1900's as a general purpose charity trust. The trust is administered by an outside trustee. The City's Administration and Regulatory Affairs Department provides administrative support to the foundation and its board.

City of Houston Investments As of June 30, 2015	Credit Quality Ratings	Fair Value	WAM (years)
Cash and Equivalents	Not Rated	\$ 441,549	n/a
Fixed Income	Not Rated	335,094	7.58
Equities	N/A	2,283,911	n/a
Hedge Funds	N/A	375,057	n/a
Real Estate	N/A	202,559	n/a
Tangible Assets	N/A	217,851	n/a
Total Assets		\$ 3,856,021	

Risk Disclosures:

Interest Rate Risk. The cash and equivalents portions of this portfolio are invested in money market mutual funds. The fixed income portfolio is invested in bond mutual funds with average maturities less than eight years. The weighted average maturity for the fixed income portfolio is 7.58 years, and the weighted average duration is 4.65 years.

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Credit Risk. The allocation of assets among various asset classes are set by the Foundation board. The fixed income portfolio consists of unrated mutual funds. The equities portion of this portfolio is invested in common stocks and money market mutual funds, accordingly, there is no credit risk.

Custodial Credit Risk. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City of Houston will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the City, and are held by either the counterparty or the counterparty's trust department or agent but not in the City's name. As of June 30, 2015 all of the Foundation's holdings in the above noted mutual funds, corporate bonds, and common stocks were subject to custodial credit risk.

Foreign Currency Risk. Foreign currency risk is the risk that investments will change value due to changes in exchange rates between times of purchase, reporting or sale. The equity investments of the Houston Foundation are subject to this risk to the extent that the corporations held have not fully hedged their foreign currency dealings.

6. Investments – Houston Municipal Employees Pension System (the System)

The System's Board, in accordance with the power and authority conferred under the Texas Statutes, employed State Street Bank and Trust Company (Custodian) as custodian of the investment assets of the System, and in said capacity, the Custodian is a fiduciary of the System's investments assets with respect to its discretionary duties including safekeeping the System's investment assets.

The Custodian has established and maintains a custodial account to hold, or direct its agents to hold, for the account of the System all investment assets that the Board shall from time to time deposit with the Custodian. All rights, title and interest in and to the System's assets shall at all times be vested in the System's Board.

In holding all System investment assets, the Custodian shall act with the same care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in like capacity and familiar with matters of this type would use in the conduct of an enterprise with a like character and with like aims. Further, the Custodian shall hold, manage and administer the System's assets for the exclusive purpose of providing the benefits to the members and the qualified survivors of the System.

The Board shall manage the investment program of the System in compliance with all applicable Federal and state statutes and regulations concerning the investment of pension assets. The Board has adopted an Investment Policy Statement (IPS) to set forth the factors involved in the management of investment assets for the System and which is made part of every investment management agreement.

Portions of the System's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in commingled funds, limited partnerships, real estate trusts, and loans and mortgages are investments that are evidenced by contracts rather than securities.

The fair values of the System's investments at June 30, 2015, are presented by type, as follows:

Short-term investment funds	\$	78,699,020
Government securities		85,622,635
Corporate bonds		225,280,044
Capital stocks		768,810,623
Commingled funds		393,973,477
Real assets		239,169,712
Alternative investments		675,784,017
		\$ 2,467,339,528

Custodial Credit Risk. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System, and are held by either the counterparty or the counterparty's trust department or agent but not in the System's name. At June 30, 2015 and 2014, the System's investments that were not subject to custodial credit risk were the investments in U.S. government securities and corporate bonds as they are registered in the name of the System and held in possession of the Custodian.

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Concentration Risk. The allocation of assets among various asset classes is set by the Board. For major asset classes (e.g., global equity, fixed income, real estate, private equity, inflation-linked, and absolute return), the System will further diversify by employing managers with demonstrated skills in complementary areas of expertise.

The managers retained will utilize varied investment approaches, but, when combined will exhibit characteristics that are similar, but not identical, to the asset class proxy utilized in the strategic asset allocation plan. The Investment Policy Statement of the System provides that no public market investment manager shall have more than 20% (at market value) of the System's assets.

Representative guidelines by type of investment are as follows:

U.S. Equity Managers

1. A manager's portfolio shall contain a minimum of twenty-five issues.
2. No more than 5% of the manager's portfolio at market shall be invested in American Depository Receipts (ADRs).
3. No individual holding in a manager's portfolio may constitute more than 5% of the outstanding shares of an issuer.
4. No individual holding may constitute more than 5% of a manager's portfolio at cost or 10% at market.
5. Short sales, purchases on margin, non-negotiable or otherwise restricted securities are prohibited, other than where expressly permitted.
6. While there are no restrictions on cash, a manager must notify the System if the cash position exceeds 10%.

International Equity Managers

1. Not more than 5% at cost and 10% at market value of a manager's portfolio shall be invested in the securities of any one issuer.
2. Not more than 30% of the assets of a manager's portfolio (at market value) shall be invested in any one country with the exception of Japan.
3. While there are no restrictions on cash, a manager must notify the System if the cash position exceeds 10%.
4. Forward foreign currency exchange contracts will be limited as follows:
 - a. Forward and future exchange contracts of any currency may be used to hedge up to 100% of the currency exposure of the portfolio in aggregate or of the currency exposure to any single country,
 - b. Foreign exchange contracts with a maturity exceeding 12 months may not be made, and
 - c. Currency options may be entered into in lieu of or in conjunction with forward sales of currencies. The same effective limitations specified in (a) and (b) above will apply to currency options.

Fixed Income Managers

1. No more than 10% of a manager's portfolio at market shall be invested in the securities of any single issuer, with the exception of the U.S. government and its agencies.
2. No individual holding in a manager's portfolio shall constitute more than 10% of the market value of an issue.

Global Opportunistic Fixed Income/High Yield Managers

1. No more than 5% at cost and 10% at market value of a manager's portfolio shall be invested in the securities of any single issuer, with the exception of the U.S. government and its agencies.

As of June 30, 2015, across all asset classes, the System held one security with a market value over 5% of the System's fiduciary net position. The security, BlackRock MSCI ACWI Minimum Volatility Index, had a fair value of \$234 million, representing 9.5% of the System's portfolio as of June 30, 2015. There were no securities held by the System from a single issuer that exceeded 9.5% in FY 2015.

Interest Rate Risk. The System invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgages, investments in life insurance general accounts and guaranteed investment contracts, with maturities greater than one year, and options/futures. Instruments may have an investment grade or non-investment grade rating. Purchases and sales, investment selection and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and the Investment Policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration is the measure of a bond price's sensitivity to a 100-basis point change in interest rates. The duration of the System's debt securities is managed by the active managers.

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At June 30, 2015, the following table shows the System's investments by type, amount and the effective duration rate.

	<u>Effective Duration</u>	<u>Domestic</u>	<u>International</u>	<u>Fair Value</u>
Collateralized mortgage obligations	2.41	\$ 12,417,397	\$ -	\$ 12,417,397
Convertible bonds	3.28	6,163,356	-	6,163,356
Corporate bonds	5.44	156,782,851	4,642,623	161,425,474
GNMA/FNMA/FHLMC	3.43	30,014,505	-	30,014,505
Municipal	8.80	1,363,440	-	1,363,440
Government issues	5.39	49,101,110	5,143,580	54,244,690
Misc. receivable (auto/credit card)	2.51	6,177,541	-	6,177,541
Other asset backed securities	3.40	268,367	-	268,367
Bank Loan ¹	N/A	37,110,435	1,717,474	38,827,909
		<u>\$299,399,002</u>	<u>\$ 11,503,677</u>	<u>\$ 310,902,679</u>

¹ The bank loan market, or "leveraged loan" market as it is sometimes known, comprises debt with below investment grade credit ratings. Bank loans generally rank senior to the company's other debt, and offer higher credit ratings, and less risk than high yield bonds. Bank loans typically use floating rather than fixed interest rates. Companies often tap this market to fund leveraged buyouts.

Credit Risk. The quality ratings of investments in fixed income securities are set forth in the Investment Policy Statement as follows:

1. All issues purchased by investment grade fixed income managers must be of investment grade quality BAA (Moody's) or BBB (S&P) unless expressly authorized by the Board, in which case a minimum B rating shall apply, with a maximum limit of non-investment grade credits of 20% at market.
2. For global opportunistic fixed income/high yield securities, more than 50% of a manager's portfolio at market shall be invested in non-investment grade fixed income securities, i.e. those with ratings of BA1 (Moody's), BB+ (Standard & Poor's), or lower, or unrated bonds, including but not limited to corporate bonds, convertible bonds, and preferred stocks.

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The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2015 are as follows:

Quality Rating	Auto Loan Recv.	Bank Loan	CMO	Convertible Bonds	Corporate Bonds	Credit Card Recv.	FHLMC	FNMA	GNMA I	GNMA II	Government Issues	Municipals	Other Asset Backed	Total Fixed Income Securities	Percentage of Holdings
AAA	\$ 1,566,964	-	\$ 5,871,855	-	\$ 1,151,438	\$ 1,809,576	-	-	-	-	-	\$ 422,094	\$ 268,367	\$ 11,090,294	0.45%
AA	120,177	-	1,018,285	-	516,364	-	-	-	-	-	-	388,718	-	2,043,544	0.08%
AA+	540,453	-	501,633	-	1,919,915	185,387	-	-	-	-	1,184,302	162,270	-	4,493,959	0.18%
AA-	963,370	-	209,486	-	236,674	-	-	-	-	-	-	-	-	1,409,530	0.06%
A	831,251	-	-	-	8,241,638	-	-	-	-	-	2,787,372	259,354	-	12,119,615	0.49%
A+	-	-	467,313	-	1,739,315	-	-	-	-	-	-	131,004	-	2,337,632	0.09%
A-	-	-	465,976	-	9,093,834	-	-	-	-	-	-	-	-	9,559,810	0.39%
BBB	-	-	-	-	4,884,332	-	-	-	-	-	-	-	-	4,884,332	0.20%
BBB+	-	-	-	-	12,506,316	-	-	-	-	-	-	-	-	12,506,316	0.51%
BBB-	-	-	-	387,839	6,352,161	-	-	-	-	-	-	-	-	6,740,001	0.27%
BB	-	-	-	43,760	9,713,590	-	-	-	-	-	-	-	-	9,757,350	0.40%
BB+	-	-	-	1,767,793	5,579,450	-	-	-	-	-	-	-	-	7,347,243	0.30%
BB-	-	-	-	1,585,038	13,023,154	-	-	-	-	-	-	-	-	14,608,192	0.59%
B	-	-	-	1,441,266	12,357,880	-	-	-	-	-	-	-	-	13,799,146	0.56%
B+	-	-	-	804,091	17,052,002	-	-	-	-	-	-	-	-	17,856,093	0.72%
B-	-	-	-	-	11,139,555	-	-	-	-	-	-	-	-	11,139,555	0.45%
CCC	-	-	-	-	2,631,951	-	-	-	-	-	49,120	-	-	2,631,951	0.11%
CCC+	-	-	-	-	32,349,896	-	-	-	-	-	-	-	-	32,399,016	1.31%
CCC-	-	-	-	-	1,428,538	-	-	-	-	-	-	-	-	1,428,538	0.06%
D	-	-	-	-	2,731,800	-	-	-	-	-	-	-	-	2,731,800	0.11%
NR	160,363	38,827,909	3,882,848	133,569	6,775,671	-	4,646,909	19,141,244	2,365,928	3,860,424	50,223,897	-	-	130,018,763	5.27%
Total Fixed Income Securities	\$ 4,182,579	\$38,827,909	\$ 12,417,397	\$ 6,163,356	\$161,425,474	\$ 1,994,963	\$ 4,646,909	\$ 19,141,244	\$ 2,365,928	\$ 3,860,424	\$ 54,244,690	\$ 1,363,440	\$ 268,367	\$ 310,902,679	12.60%
Other Investments														2,156,436,849	87.40%
Total Investments														\$ 2,467,339,528	100.00%

*NR = non-rated

Foreign Currency Risk. International securities investment managers are expected to maintain diversified portfolios by sector and by issuer using the System's Investment Policy.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities.

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The System has an indirect exposure to foreign currency fluctuation as of June 30, 2015 as follows:

	<u>Fair Value</u>	<u>Percentage</u>
Australian Dollar	3,706,444	0.15%
Brazilian Real	3,363,232	0.14%
Canadian Dollar	8,699,022	0.35%
Danish Krone	3,851,807	0.16%
Euro Currency	76,627,396	3.10%
Hong Kong Dollar	16,469,150	0.67%
Indonesian Rupiah	2,126,804	0.09%
Japanese Yen	26,196,011	1.06%
Malaysian Ringgit	22	0.00%
Mexican Peso	3,344,694	0.14%
New Taiwan Dollar	2,392,095	0.10%
Norwegian Krone	6,448,761	0.26%
Pound Sterling	56,857,261	2.29%
Singapore Dollar	3,366,026	0.14%
South African Rand	2,593,160	0.11%
South Korean Won	5,209,533	0.21%
Swedish Krona	4,530,895	0.18%
Swiss Franc	15,615,430	0.63%
Thailand Baht	1,743,156	0.07%
Turkish Lira	2,668,885	0.11%
U.S. Dollar	2,222,066,002	90.04%
	<u>2,467,875,786</u>	<u>100%</u>

7. Investments – Houston Firefighters’ Relief and Retirement Fund (the Fund)

Statutes of the State of Texas authorize the Fund to invest surplus funds in the manner provided by the Government Code, Title 8, Subtitle A, Subchapter C. This subchapter provides for the investment of surplus assets as described in section 802.203 of the Government Code. The investment policy of the Board does not restrict the types of investments authorized to be made on behalf of the Fund; however, the Board seeks to produce a return on investments that is based on prudent and reasonable investment risk and the cash flow requirements of the Fund given prevailing economic and capital market conditions. While the Board recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with incremental returns. Consequently, prudent risk-taking is justifiable.

The Board manages the investment program of the Fund in compliance with all applicable Federal and State statutes and regulations concerning the investment of pension assets. The Board has adopted an Investment Policy Statement (Investment Policy) to set forth the factors involved in the management of investment assets for the Fund. The Board has established an Investment Committee to act on all matters related to investments.

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The fair values of the Fund's investments as of June 30, 2015 by type are as follows:

Short-Term Investment Funds	\$ 143,478,999
Fixed Income-Government Securities	289,539,678
Fixed Income-Corporate Bonds	881,976,524
Fixed Income-Convertibles	45,405,832
Common Equity	1,497,508,847
Preferred Equity	6,290,393
Hedge Funds:	
Global Macro Hedge Fund	231,426,530
Multi-Strategy FOHFs	227,776,023
Private Equity:	
Buy Out Partnerships/Funds	90,468,500
Distressed Debt Partnerships/Funds	51,029,116
Direct Investments	1,075,000
Secondary Partnerships/Funds	92,720,071
Special Situations Investments	27,126,421
Venture Capital Partnerships/Funds	87,084,840
Real Estate	<u>171,053,101</u>
Total Investments	<u>\$ 3,843,959,875</u>

The fair value shown here may differ from reported net assets due to payables, receivables, and trades pending settlement.

Custodial credit risk. Portions of the Fund's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships and real estate are investments that are evidenced by contracts rather than securities.

Custodial credit risk disclosures relate to securities. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are (i) uninsured, (ii) not registered in the name of the Fund, and (iii) are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. At June 30, 2015 and 2014, the Fund's security investments (excluding cash) that were not subject to custodial credit risk were the investments not registered on an exchange.

Concentration of credit risk. Concentration of credit risk is the risk of loss attributable to the magnitude of the Fund's investment in a single issue. The allocation of assets among various asset classes is set by the Board with the objective of optimizing the investment return of the Fund within framework of acceptable risk and diversification. For major asset classes (e.g., domestic equities, international equities, fixed income, hedge funds, private equity and real estate), the Fund further diversifies by employing investment managers who implement the strategies selected by the Investment Committee.

Significant risk management asset allocation guidelines are as follows:

1. Cash, Fixed Income, Domestic Equities and International Equities
 - a. The specific guidelines along with contractual requirements for each manager will be developed cooperatively by the Fund's investment staff, legal counsel, and the investment manager and shall be incorporated into an Investment Management Agreement or other binding agreement as is appropriate for the investment.
 - b. In case of conflict between the specific manager guidelines and the general guidelines, the specific guidelines, as approved by the Investment Committee, shall supersede. The general guidelines are as follows:
 - i. Manager investment philosophy, style, strategy, and structure shall remain consistent and shall not change without the Fund's Investment Committee's approval. The manager shall have discretion to manage the portfolio consistent with the style presented to the Investment Committee at the time of selection and further subject to the restrictions established by the policy herein.
 - ii. The following transactions are prohibited: short sales, selling on margin, put and call options and the use of derivatives for speculation unless authorized by the Investment Committee.

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- iii. Transactions that involve a broker acting as a principal, where such broker is also affiliated with the manager who is making the transaction are prohibited, unless specifically approved by the Investment Committee.
- iv. Transactions shall be executed at competitive costs or best execution.
- v. Managers shall maintain cash levels consistent with their style as presented to the Investment Committee at the time of selection. Any deviation shall be allowed only after notifying the Fund's Chief Investment Officer and should be related to unusual market conditions. The maximum cash level to be held by each manager will be addressed in the Investment Management Agreement or other binding agreement as is appropriate for the investment.

2. Hedge Funds, Private Equity and Real Estate

- a. The investment specific guidelines for each manager will be incorporated in a Limited Partnership Agreement, Limited Liability Company Agreement, or other binding agreement as is appropriate for the investment.
- b. In case of conflict between the specific manager guidelines and the general guidelines, the specific guidelines, as approved by the Investment Committee, shall supersede. The general guidelines are as follows:
 Manager investment philosophy, style and strategy shall remain consistent and shall not change without the Investment Committee's approval. The manager shall have discretion to manage the portfolio consistent with the style presented to the Fund's Investment Committee at the time of selection and further subject to the restrictions established by the Fund's Investment Policy Statement.

As of June 30, 2015 and 2014, the Fund investment portfolio had no single holdings in excess of 5% of Fund net assets.

Interest rate risk. The Fund invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgages, investments in life insurance general accounts and guaranteed investment contracts, with maturities greater than one year, and options/futures. Instruments may have an investment grade or non-investment grade rating. Purchases and sales, investment selection and implementation of investment strategies are delegated to the discretion of external investment managers, subject to compliance with its investment management agreement and the Fund's Investment Policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Interest rate risk is the greatest risk faced by an investor in the fixed income market. The price of a fixed income security typically moves in the opposite direction of the change in interest rates. The weighted average maturity expresses investment time horizons (when the investment comes due and payable) in years, weighted to reflect the dollar size of individual investments within the investment type. The Fund does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates, but rather mandates such limits within the external manager's investment management agreement.

At June 30, 2015, the following table shows the Fund's investments by type, with weighted average maturity and fair value:

	Weighted Average	
	<u>Maturity</u>	<u>Fair Value</u>
Non-U.S. Collateralized	3.54	\$ 178,103
Non-U.S. Convertibles	2.24	2,101,512
Non-U.S. Corporate	2.97	25,760,321
Non-U.S. Treasuries	4.85	56,698,770
Taxable Municipals	62.03	20,382,716
TIPS (Treasure Inflation Protected)	8.33	10,758,142
U.S. Agencies	6.01	2,697,398
U.S. Collateralized	9.16	43,745,387
U.S. Convertibles	12.88	43,304,320
U.S. Corporate	15.65	791,909,996
U.S. Treasuries	14.92	219,385,369
Total Fixed Income Securities		\$ 1,216,922,034

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Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund does not have a formal policy limiting investment credit risk, but rather mandates such limits within the investment management agreement of each manager as may be appropriate to strategy.

The Fund's exposure to investment credit risk in fixed income securities (which includes government securities, corporate bonds, convertibles) as of June 30, 2015 is as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Holdings</u>
AGY	\$ 2,697,398	0.07%
A1	23,156,422	0.60%
A2	61,224,852	1.58%
A3	176,091,402	4.56%
AA1	9,103,787	0.24%
AA2	14,151,703	0.37%
AA3	37,036,204	0.96%
AAA	72,615,614	1.88%
B1	39,629,165	1.03%
B2	31,615,449	0.82%
B3	27,930,630	0.72%
BA1	48,209,224	1.25%
BA2	56,051,626	1.45%
BA3	52,408,571	1.36%
BAA1	104,869,135	2.71%
BAA2	79,639,477	2.06%
BAA3	94,925,473	2.46%
C	49,491	0.00%
CA	546,222	0.01%
CAA1	26,442,388	0.68%
CAA2	10,881,459	0.28%
CAA3	9,071,230	0.23%
D	304,000	0.01%
Not rated	8,127,600	0.21%
Total credit risk debt securities*	<u>\$ 986,778,522</u>	<u>25.54%</u>

*Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and therefore, have not been included in this disclosure.

Foreign currency risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Realized and unrealized gains and losses on investments which result from changes in foreign currency exchange rates have been included in the net appreciation (depreciation) in fair value of investments. The Fund's policy allows external investment managers to decide what action to take regarding their respective portfolio's foreign currency exposures subject to compliance with its respective investment management agreement of each manager as may be appropriate to strategy the Fund's Investment Policy Statement.

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The Fund's exposure to foreign currency fluctuation as of June 30, 2015 is as follows:

	<u>Fair Value</u>	<u>Percentage of Holdings</u>
Euro Currency Unit	\$162,389,573	4.20%
Japanese Yen	84,995,157	2.20%
Pound Sterling	60,037,325	1.55%
Swiss Franc	46,362,657	1.20%
Canadian Dollar	38,264,911	0.99%
Hong Kong Dollar	18,966,733	0.49%
Mexican New Peso	15,516,271	0.40%
Australian Dollar	12,684,882	0.33%
Danish Krone	12,634,552	0.33%
South Korean Won	12,540,623	0.32%
New Zealand Dollar	12,181,119	0.32%
Norwegian Krone	11,326,653	0.29%
Swedish Krona	9,517,683	0.25%
Thailand Baht	6,315,330	0.16%
Brazil Real	3,758,358	0.10%
Israeli Shekel	2,738,191	0.07%
Indonesian Rupiah	1,975,405	0.05%
New Turkish Lira	1,962,234	0.05%
Singapore Dollar	1,444,455	0.04%
Czech Koruna	911,431	0.02%
Total securities subject to foreign currency risk	<u>\$516,523,543</u>	<u>13.36%</u>

8. Investments – Houston Police Officers' Pension (the System)

Summary of Significant Accounting Policies

Investment Valuation -Statutes of the State of Texas authorize the System to invest surplus funds in a manner provided by the Government Code, Title 8, Subtitle A, Subchapter C. These statutes stipulate that the governing body of the System is responsible for the management and administration of the funds of the System and shall determine the procedure it finds most efficient and beneficial for the management of the reserve fund of the System. The governing body may directly manage the investments of the System or may choose and contract for professional investment management services. Investments are reported at fair value in accordance with GASB 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

Administrative Costs. All administrative costs of the System are paid from the System's assets.

Federal Income Tax – A favorable determination that the System is qualified and exempt from Federal income taxes was received on September 24, 2014. The System's Board of Trustees believes that the System is designed and continues to operate in compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates – The preparation of the System's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make significant estimates and assumptions that affect the reported amounts and net plan assets at the date of the financial statements and the actuarial information included in the footnotes to the financial statements as of the benefit information date, the changes in the System's net assets during the reporting period and, when applicable, disclosures of the contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

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Custodial Credit Risk for Deposits and Investments. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the System will not be able to recover the value of the investment or collateral in possession of the counterparty. The System does not have an investment policy regarding custodial credit risk. The System considers only demand deposits as cash. As of June 30, 2015 the System had a balance of \$352 thousand and \$701 thousand, respectively, on deposit at a financial institution. The Federal Depository Insurance Corporation (FDIC) covered cash on deposit up to \$250 thousand at this financial institution. Therefore, as of June 30, 2015, \$102 thousand of the System's bank balance of \$352 thousand was exposed to custodial credit risk. At June 30, 2015, the System did not have any other investments with other financial institutions subject to custodial credit risk.

Credit Risk. Credit risk is the risk that the counterparty will not fulfill its obligations. As of June 30, 2015, the System's fixed income assets that are not U.S. government guaranteed represented 99.9% of the System's fixed income plus short term investments portfolio. The tables below and on the following page summarize the System's fixed income portfolio exposure levels and credit qualities.

**Average Credit Quality and Exposure Levels of Non-U.S. Government
Guaranteed Securities**

<u>Fixed Income Security Type</u>	<u>Fair Value (\$000's)</u>	<u>Percent of Total</u>	<u>Weighted Average Credit Quality</u>
Corporate Bonds	\$ 134,708	11.8 %	BB
Mutual Bond Funds	91,019	8.0	B
Short Term Investment Funds	915,270	80.2	Not Rated
Total	\$ 1,140,997	100.0 %	

**Ratings Dispersion Detail
(\$000's)**

<u>Credit Rating Level</u>	<u>Corporate Bonds</u>	<u>Mutual Bond Funds</u>	<u>Short Term Investment Funds</u>
BBB	\$ 1,077	\$ -	\$ -
BB	60,682	-	-
B	49,933	91,019	-
SD	122	-	-
NR	22,894	-	915,270
Total	\$ 134,708	\$ 91,019	\$ 915,270

The System's investment policy allows investment managers full discretion in adopting investment strategies to deal with these risks. Unless otherwise provided in the individual investment manager agreement, the average quality rating of each individual fixed income portfolio on a weighted value basis shall be A-rated or higher, and no issue should have a rating below investment grade (Baa or higher). Certain managers, such as high yield managers, may be exempted from these requirements as provided for in their contracts.

Credit risk for derivative instruments held by the System results from counterparty risk, which is essentially that the counterparty will be unable to fulfill its obligations, which are then assumed by the System. Information regarding the System's credit risk related to derivatives is found under the derivatives disclosures.

Policies regarding credit risk pertaining to credit risk associated with the System's securities lending program are found under the securities lending disclosures.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributable to the magnitude of the System's investment in a single issue. The System's investment policy for each specific portfolio limits investments in any one single domestic equity issue to 15% of each portfolio at market value and for any one single international equity issue to 5% of the System's investments. For fixed income investments, the System's policy limits, by each specific portfolio, investment in any one single fixed income security to 10% of each

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portfolio at market value. As of June 30, 2015, the System did not have any single investment in any one organization which represented greater than 5% of plan net assets.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the System's financial instruments. This risk is managed within the portfolio using the modified duration methodology. It is widely used in the management of fixed income portfolios and estimates the sensitivity of a bond's price to interest rate changes. The System does not have an investment policy specifically regarding interest rate risk. Investment managers have full discretion in adopting investment strategies to deal with these risks, and all of the System's fixed income portfolios are managed in accordance with guidelines that are specific as to the degree of interest rate risk taken. The reporting of modified duration found in the tables below quantifies the interest rate risk of the System's fixed income investments. Interest rate risks associated with derivative instruments are found in the derivatives disclosures of these notes.

Modified Duration by Security Type

Security Type	Fair Value (\$000's)	Percent of Total	Weighted Average Modified Duration (years)
Corporate Bonds	\$ 134,708	11.8%	5.3
Mutual Bond Funds	91,020	8.0	6.6
Short Term Investment Funds	915,270	80.2	0.1
Total	\$ 1,140,998	100.0%	1.2

Modified Duration Analysis by Security Type

	Fair Value (\$000's)	Average Modified Duration	Contribution to Modified Duration
Corporate Bonds			
Less than 1 year	\$ 11	0.0	0.0
1 to 10 years maturities	133,649	5.2	5.2
10 to 20 years maturities	1,048	7.6	0.1
Total	\$ 134,708		5.3
Mutual Bond Funds			
1 to 10 years maturities	\$ 91,020	6.6	6.6
Short Term Investment Funds			
Less than 1 year	\$ 856,235	0.1	0.1
1 to 10 years maturities	59,035	0.1	0.0
Total	\$ 915,270		0.1

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The books and records of the System are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US dollars at each balance sheet date. Realized and unrealized gains and losses on investments which result from changes in foreign currency exchange rates have been included in the net appreciation in fair value of investments. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the System and the amount actually received. International and global managers have the permission to use currency forward and futures contracts to hedge currency against the U.S. dollar. Currency forwards and futures used for the purpose of hedging currency shall be subject to the following guidelines: 1) net forward and futures sales of any currency may not exceed total market value of the assets denominated in that currency. This limitation does not apply to global fixed income managers and currency overlay managers if provided for in their contracts, 2) foreign currency exchange contracts with a maturity exceeding 12 months are not permitted, 3) currency options may be entered into in lieu of or in conjunction with forwards sales of currencies with the same limitations as currency forwards and futures. Cross hedging, the selling of one foreign currency for another foreign currency, which may or may not be the base currency of the portfolio, is permitted.

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The System's exposure to foreign currency risk in U.S. dollars as of June 30, 2015, is shown in the table below.

Foreign Currency Exposure by Asset Class (\$000's)

Currency	Short Term Investments	Equities	Alternative Investments	Total
Japanese yen	\$ (75,586)	\$ 156,684	\$ -	\$ 81,098
British pound sterling	(69,962)	138,642	-	68,680
Euro	(156,881)	205,209	19,301	67,629
Swiss franc	-	63,058	-	63,058
Australian dollar	-	47,085	8,412	55,497
Chinese yuan renminbi	-	39,191	-	39,191
South Korean won	-	26,437	-	26,437
New Taiwan dollar	-	24,609	-	24,609
Canadian dollar	2,075	21,078	-	23,153
Hong Kong dollar	-	22,228	-	22,228
Swedish krona	-	20,052	-	20,052
Indian rupee	-	15,020	-	15,020
South African rand	-	14,595	-	14,595
Brazilian real	-	14,542	-	14,542
Danish krone	-	11,366	-	11,366
Singapore dollar	-	9,798	-	9,798
Mexican peso	-	9,191	-	9,191
Russian ruble	-	6,143	-	6,143
Malaysian ringgit	-	6,128	-	6,128
Other (less than \$5 million)	-	31,560	-	31,560
Total	\$ (300,354)	\$ 882,616	\$ 27,713	\$ 609,975

Contributions Receivable. The June 30, 2011 Agreement with the City provided that for fiscal year 2014 the amount to be contributed would be a \$93,000 thousand fixed payment, with any shortfall in the fixed payment not to exceed \$8,500 thousand, and for fiscal year 2013, an \$83,000 thousand fixed payment, with any shortfall in the fixed payment not to exceed \$17,000 thousand. Therefore, the total contribution receivable is \$25,500 thousand, which is secured by an undivided interest (Property Interest) in real property owned by the City known as the Houston Police Department Headquarters located at 1200 Travis Street, Houston, Texas, and a parking garage located at 801 Polk Street, Houston, Texas (Real Property). In July 2015, the City paid the contribution receivable amounting to \$25,500 thousand.

Securities Lending Program. The System's Board of Trustees' policies permit the System to lend securities (domestic and international equities and fixed income) to securities firms on a temporary basis through its custodian bank. The System receives fees for all loans and retains the right to all interest and dividend payments while the securities are on loan. Cash, letters of credit or various government securities having market values equal to or exceeding 102% and 105% of the value of the loaned securities for domestic and international securities, respectively, collateralize all security loan agreements. Whenever the market value of the securities on loan changes, the borrower must adjust the collateral accordingly. The System's bank pools all collateral received from securities lending transactions and invests any cash collateral. The System holds an undivided share of the collateral provided by the borrowers of the securities. At June 30, 2015 the weighted-average maturity of the collateral pool was 50 days. The relationship between the maturities of the collateral pool and the System's loans has not been determined. Cash collateral invested in the custodian bank collateral pool at June 30, 2015, was \$50,613 thousand. The System also had non-cash collateral at June 30, 2015, of \$4,392 thousand, consisting of treasury securities and letters of credit. The System cannot sell or pledge the collateral unless the borrower fails to return the securities borrowed.

The market value of securities on loan at June 30, 2015 was \$53,846 thousand. At June 30, 2015, the System had no credit risk exposure to borrowers because the amounts the System owes the borrowers, \$55,005 thousand, exceeds the amounts the borrowers owe the System, \$53,846 thousand.

Derivatives – The System's investment managers may invest in derivatives if permitted by the guidelines established by the System's Board

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of Trustees. The System's staff monitors guidelines and compliance. From time to time the System's investment managers will invest in equity, fixed income and short term futures contracts along with foreign currency forward contracts. No derivatives are purchased with borrowed funds.

The fair value balance of posted margin and collateral and notional amounts of derivative instruments outstanding at June 30, 2015, classified by type, and the changes in fair value of such derivative instruments for the year then ended is shown in the table below. The Change in Fair Value figures are reported as a component of net appreciation (depreciation) in the Statement of Changes in Fiduciary Net Position.

Fair Value (\$000's) at June 30, 2015

(\$000's)	Year ending June 30, 2015 Changes in Fair		As of June 30, 2015		
	Value	Posted Margin	Collateral held at Custodian Bank	Notional Value	
Equity Futures	\$ (28,310)	\$ 64,661	\$ 766,175	\$ 1,326,925	
Currency Futures	28,132	7,294	26,862	304,305	
Options	\$ 7,641	-	19,897	151,610	

Futures are used to obtain market exposure and to take advantage of mis-pricing opportunities. When a position is taken in a futures contract, a margin is posted and the contract is subject to daily mark-to-market adjustments. For options, no margin is posted. Instead, options are purchased at a premium, which is either forfeited or recouped, depending on the gain or loss on the contract. Foreign currency contracts are used to hedge against the currency risk in the System's investments in foreign equity and fixed income securities. To liquidate the contract prior to expiration an offsetting position in the same contract must be taken. These derivatives are used to enhance yields and provide incremental income

These derivative instruments are subject to the following risks:

- *Custodial Credit Risk* – Custodial credit risk for derivative instruments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of the derivative instruments or collateral securities that are in the possession of an outside party. Consistent with the System's investment policy, the System's derivative instruments were held by the counterparty that was acting as the System's agent.
- *Credit Risk* – Credit risk is the risk that the counterparty will not fulfill its obligations. The System does not have an investment policy specifically regarding credit risk for derivative instruments. The System's investment policy allows investment managers full discretion in adopting investment strategies to deal with this risk. The System's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures.
- *Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the System's derivative instruments.
- *Foreign Currency Risk* – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of derivative instruments. The System's exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments as outlined in the following schedule. The System has a currency hedging program in place that hedges fifty percent of the exposure to the Euro, Pound, and Yen exposure in these investment programs. This hedging program is disclosed elsewhere in this footnote. The System's derivative instruments exposure to foreign currency risk in U.S. dollars as of June 30, 2015, is shown in the table below (\$000's).

Currency	Equity Derivatives	Currency Derivatives	Total
Swiss fran	\$ 42,779	\$ -	\$ 42,779
Australian dollar	31,943	-	31,943
Japanese yen	106,297	(75,586)	30,711
British pound sterling	94,057	(69,976)	24,081
Euro	139,198	(156,881)	(17,683)
Hong Kong dollar	15,080	-	15,080
Swedish krona	13,604	-	13,604
Danish krone	7,711	-	7,711
Singapore dollar	6,647	-	6,647
Other (less than \$5 million)	12,098	1,840	13,938
Total	\$ 469,414	\$ (300,603)	\$ 168,811

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Alternative Investments – As of June 30, 2015, the System was invested in various partnerships, separate accounts and commingled funds across various types of alternative investments as detailed in the table below.

<u>Investment Type</u>	<u>Fair Value (\$000's)</u>
<i>Private Equity</i>	
Leveraged Buy outs	\$ 185,294
Special Situations	82,867
Energy	77,522
Venture Capital	52,573
Private Equity Secondaries	25,457
<i>Other Alternatives</i>	
Risk Parity	901,023
Hedge Funds	591,975
Credit	166,415
Real Estate	125,932
Opportunistic Funds	110,582
Total	\$ 2,319,640

NOTE 4: ALLOWANCE FOR DOUBTFUL ACCOUNTS

The following were the allowances for doubtful accounts receivable by fund as of June 30, 2015 (\$000's):

<u>Fund</u>	<u>Amount</u>
General	
Uncollectible general property taxes	\$ 42,423
Ambulance charges	200,443
Fines and forfeits	26,587
Demolition liens	120,916
Others	6,579
Grant revenue	55,913
Airport System	1,010
Convention and Entertainment Facilities	518
Combined Utility System	133,783
	<u>\$ 588,172</u>

NOTE 5: PROPERTY TAX

The City's annual ad valorem property tax is required to be levied by October 1, or as soon thereafter as practicable, on the assessed value listed as of the prior January 1 for all real and certain personal property. Taxes are due on January 31 of the year following the year of the levy. A tax lien attaches to all property on January 1 of each year to secure the payment of all taxes, penalties and interest that is ultimately imposed on the property. The tax rate established by the City Council for the 2014 tax year was \$0.63108 per \$100 of assessed value with \$0.474635 for operations and \$0.156445 for debt service.

In 2004, Houston voters approved Proposition 1, which limits annual growth in property tax revenues to the lesser of the actual revenues in the preceding fiscal year, plus 4.5 percent, or the revenues received in the previous fiscal year, plus the cumulative combined rates of inflation and the City's population growth. The Texas Property Tax Code ("Code"), with certain exceptions, exempts intangible personal property, household goods, and family-owned automobiles from taxation. In addition, the Code provides for countywide appraisal districts.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 6: CAPITAL ASSETS

A. Governmental activities of the Primary Government

A summary of changes in capital assets for the year ended June 30, 2015 follows (in thousands):

	Balance July 1, 2014	Additions	Retirement	Transfers	Balance June 30, 2015
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 379,371	\$ 20,578	\$ (5,020)	\$ 6,892	\$ 401,821
Right of way	1,739,886	5,842	(17)	1,292	1,747,003
Construction Work in Progress	387,017	265,344	-	(304,606)	347,755
Total capital assets not being depreciated	<u>2,506,274</u>	<u>291,764</u>	<u>(5,037)</u>	<u>(296,422)</u>	<u>2,496,579</u>
Other capital assets:					
Buildings	1,120,672	42	(1,669)	68,634	1,187,679
Rights & Intangibles - Amortizable	-	248	-	7,136	7,384
Improvements and Equipment	1,087,586	36,486	(46,664)	48,352	1,125,760
Infrastructure	6,114,502	43,628	(12,924)	172,264	6,317,470
Total other capital assets	<u>8,322,760</u>	<u>80,404</u>	<u>(61,257)</u>	<u>296,386</u>	<u>8,638,293</u>
Less accumulated depreciation for:					
Buildings	(352,104)	(31,728)	1,447	(207)	(382,592)
Rights and Intangibles	-	(2,615)	-	-	(2,615)
Improvements and Equipment	(661,086)	(74,482)	36,331	5,196	(694,041)
Infrastructure	(2,934,577)	(138,016)	12,414	(4,953)	(3,065,132)
Total accumulated depreciation	<u>(3,947,767)</u>	<u>(246,841)</u>	<u>50,192</u>	<u>36</u>	<u>(4,144,380)</u>
Other capital assets, net	<u>4,374,993</u>	<u>(166,437)</u>	<u>(11,065)</u>	<u>296,422</u>	<u>4,493,913</u>
Governmental Activities capital assets, net	<u><u>\$6,881,267</u></u>	<u><u>\$ 125,327</u></u>	<u><u>\$ (16,102)</u></u>	<u><u>\$ -</u></u>	<u><u>\$6,990,492</u></u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

B. Business-type Activities

	Balance June 30, 2014 (see Note 1K)	Additions	Retirements	Transfers	Balance June 30, 2015
Airport System					
Capital assets not being depreciated:					
Land	\$ 209,967	\$ 917	\$ (4)	\$ 9,746	\$ 220,626
Rights & Intangibles- Non Depreciable	8,371	-	-	1,016	9,387
Construction Work in Progress	120,187	215,217	-	(99,241)	236,163
Total capital assets not being depreciated	<u>338,525</u>	<u>216,134</u>	<u>(4)</u>	<u>(88,479)</u>	<u>466,176</u>
Other capital assets:					
Buildings and building improvements	2,672,949	1,576	(583)	29,253	2,703,195
Improvements and equipment	1,685,402	17,772	(8,206)	52,844	1,747,812
Infrastructure	500,945	100	(12,678)	6,417	494,784
Rights & Intangibles- Amortizable	2,411	-	-	-	2,411
Total other capital assets	<u>4,861,707</u>	<u>19,448</u>	<u>(21,467)</u>	<u>88,514</u>	<u>4,948,202</u>
Less accumulated depreciation for:					
Buildings and building improvements	(1,022,964)	(93,952)	242	(12,264)	(1,128,938)
Improvements and equipment	(1,008,168)	(64,472)	8,137	12,229	(1,052,274)
Infrastructure	(306,213)	(18,870)	11,232	-	(313,851)
Rights & Intangibles	(1,093)	(218)	-	-	(1,311)
Total accumulated depreciation	<u>(2,338,438)</u>	<u>(177,512)</u>	<u>19,611</u>	<u>(35)</u>	<u>(2,496,374)</u>
Other capital assets, net	<u>2,523,269</u>	<u>(158,064)</u>	<u>(1,856)</u>	<u>88,479</u>	<u>2,451,828</u>
Airport System capital assets, net	<u>\$ 2,861,794</u>	<u>\$ 58,070</u>	<u>\$ (1,860)</u>	<u>\$ -</u>	<u>\$2,918,004</u>
Convention and Entertainment Facilities					
Capital assets not being depreciated:					
Land	\$ 96,311	\$ -	\$ (624)	\$ -	\$ 95,687
Construction Work in Progress	788	-	-	-	788
Total capital assets not being depreciated	<u>97,099</u>	<u>-</u>	<u>(624)</u>	<u>-</u>	<u>96,475</u>
Other capital assets:					
Buildings	557,953	20,030	(223)	-	577,760
Garage Rights	13,144	-	-	-	13,144
Improvements and equipment	12,471	-	(215)	-	12,256
Infrastructure	334	-	-	-	334
Total other capital assets	<u>583,902</u>	<u>20,030</u>	<u>(438)</u>	<u>-</u>	<u>603,494</u>
Less accumulated depreciation/amortization for:					
Buildings	(233,047)	(13,606)	95	-	(246,558)
Garage Rights	(3,696)	(353)	-	-	(4,049)
Improvements and equipment	(8,827)	(403)	215	-	(9,015)
Infrastructure	(83)	(15)	-	-	(98)
Total accumulated depreciation/amortization	<u>(245,653)</u>	<u>(14,377)</u>	<u>310</u>	<u>-</u>	<u>(259,720)</u>
Other capital assets, net	<u>338,249</u>	<u>5,653</u>	<u>(128)</u>	<u>-</u>	<u>343,774</u>
Convention and Entertainment Facilities capital assets, net	<u>\$ 435,348</u>	<u>\$ 5,653</u>	<u>\$ (752)</u>	<u>\$ -</u>	<u>\$ 440,249</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

	Balance June 30, 2014	Additions	Retirements	Transfers	Balance June 30, 2015
Combined Utility System					
Capital assets not being depreciated:					
Land	\$ 133,098	\$ 2,472	\$ (1,248)	\$ 922	\$ 135,244
Right of way	1,443	-	-	(1,126)	317
Rights & Intangibles - Non-depreciable	462,065	80,720	-	2,250	545,035
Construction Work in Progress	336,799	369,030	-	(322,684)	383,145
Total capital assets not being depreciated	<u>933,405</u>	<u>452,222</u>	<u>(1,248)</u>	<u>(320,638)</u>	<u>1,063,741</u>
Other capital assets:					
Buildings	198,138	18	(19)	1,619	199,756
Improvements and equipment	154,087	11,265	(9,456)	6,392	162,288
Infrastructure	9,705,332	11,547	(56,171)	312,627	9,973,335
Total other capital assets	<u>10,057,557</u>	<u>22,830</u>	<u>(65,646)</u>	<u>320,638</u>	<u>10,335,379</u>
Less accumulated depreciation/amortization for:					
Buildings	(71,981)	(5,670)	15	(98)	(77,734)
Improvements and equipment	(96,812)	(12,384)	9,361	442	(99,393)
Infrastructure	(4,832,797)	(212,994)	54,986	(344)	(4,991,149)
Total accumulated depreciation/amortization	<u>(5,001,590)</u>	<u>(231,048)</u>	<u>64,362</u>	<u>-</u>	<u>(5,168,276)</u>
Other capital assets, net	<u>5,055,967</u>	<u>(208,218)</u>	<u>(1,284)</u>	<u>320,638</u>	<u>5,167,103</u>
Combined Utility System capital assets, net	<u>5,989,372</u>	<u>244,004</u>	<u>(2,532)</u>	<u>-</u>	<u>6,230,844</u>
Business-type activities capital assets, net	<u>\$ 9,201,824</u>	<u>\$ 307,727</u>	<u>\$ (5,144)</u>	<u>\$ -</u>	<u>\$ 9,589,097</u>

C. Depreciation Expense

Depreciation expense was charged to functions programs of the primary government as follows (in thousands):

Governmental activities	
General government	\$ 27,920
Public safety	34,540
Public works	20,152
Health	5,267
Housing	1,775
Parks and recreation	13,271
Library	5,900
Infrastructure	138,016
Total depreciation expense - governmental activities	<u>\$ 246,841</u>
Business-type activities	
Airport System	\$ 177,512
Convention & Entertainment Facilities	14,377
Combined Utility System	231,048
Total depreciation expense - business-type activities	<u>\$ 422,937</u>

D. Pension Trust Funds

In February 1998, the Firefighters' Relief and Retirement Fund purchased land in the amount of \$483,325 for use in the construction of a new office building for its operations and its members. In April of 2001, the construction of the new building was completed. The building's capitalized cost of \$9,385,652 is being depreciated over 30 years. The accumulated depreciation for the building as of June 30, 2015 amounted to \$4,424,222.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7: SHORT-TERM DEBT – TAX AND REVENUE ANTICIPATION NOTES

Short-term debt activity for the year ended June 30, 2015, was as follows (in thousands):

	<u>Balance</u> <u>July 1, 2014</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance</u> <u>June 30, 2015</u>
Tax and revenue				
Anticipation notes	\$ -	\$ 200,000	\$ 200,000	\$ -

On July 2, 2014, the City closed on the sale of \$200,000,000 Tax and Revenue Anticipation Notes (TRANS), Series 2014. The proceeds of the TRANS were used to pay finance City's general operating expenditures until tax revenues were received. The average yield true interest cost was 0.10%. The principal and the interest of the notes matured on June 30, 2015.

NOTE 8: LONG-TERM LIABILITIES

A. General Long-Term Liabilities

Changes in General Long-Term Liabilities for the year ended June 30, 2015 are summarized as follows (in thousands):

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Governmental Activities					
Bonds and notes payable					
General tax obligation debt	\$ 3,233,808	\$ 374,365	\$ (472,970)	\$ 3,135,203	\$ 275,805
Note Payable CWA	11,629	-	(11,629)	-	-
HUD Section 108 Loans	5,813	-	(659)	5,154	659
Plus premium (discount) on bonds	186,182	42,169	(15,716)	212,635	-
Total bonds and notes payable	<u>3,437,432</u>	<u>416,534</u>	<u>(500,974)</u>	<u>3,352,992</u>	<u>276,464</u>
Other liabilities:					
Claims and judgments	118,516	253,370	(265,390)	106,496	33,015
Compensated absences	452,899	68,555	(60,977)	460,477	140,554
Arbitrage rebate	18	-	(1)	17	-
Other Post Employment Benefit obligation	1,195,407	172,496	(31,670)	1,336,233	-
Net Pension liability	1,059,836	4,937,257	(1,059,836)	4,937,257	-
Total other liabilities	<u>2,826,676</u>	<u>5,431,678</u>	<u>(1,417,874)</u>	<u>6,840,480</u>	<u>173,569</u>
Governmental Activities Long-Term Liabilities	<u>\$ 6,264,108</u>	<u>\$ 5,848,212</u>	<u>\$ (1,918,848)</u>	<u>\$ 10,193,472</u>	<u>\$ 450,033</u>
Discretely Presented Component Units:					
Notes payable	\$ 296,943	\$ 56,012	\$ (39,856)	\$ 313,099	\$ 15,639
Revenue bonds	361,233	157,985	(52,256)	466,962	9,075
Discretely Presented Component Units Long-Term Liabilities	<u>\$ 658,176</u>	<u>\$ 213,997</u>	<u>\$ (92,111)</u>	<u>\$ 780,062</u>	<u>\$ 24,714</u>

(Continued)

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due within One Year</u>
Business-type activities					
Bonds and notes payable					
Airport System debt (Note 1K)	\$ 2,337,481	\$ 86,525	\$ (101,880)	\$ 2,322,126	\$ 76,495
Convention and Entertainment debt	482,974	206,315	(180,160)	509,129	24,459
Combined Utility System debt	6,041,391	771,025	(658,325)	6,154,091	281,490
Long-term contracts - Combined Utility	122,048	115,499	(51,511)	186,036	14,194
Premiums, discounts amount	569,613	121,261	(42,963)	647,911	-
Total bonds and notes payable	<u>9,448,077</u>	<u>1,300,625</u>	<u>(1,034,839)</u>	<u>9,819,293</u>	<u>396,638</u>
Other liabilities:					
Claims and judgments	4,438	-	-	4,438	-
Compensated absences	32,389	17,118	(15,727)	33,780	15,727
Arbitrage rebate liability	483	40	-	523	-
Other Post Employment Benefit obligation	170,084	20,725	(5,184)	185,625	-
Net Pension liability	137,066	637,022	(137,066)	637,022	-
Total other liabilities	<u>344,460</u>	<u>674,905</u>	<u>(157,977)</u>	<u>861,388</u>	<u>15,727</u>
Business-type activities					
Long-Term Liabilities					
	<u>\$ 9,792,537</u>	<u>\$ 1,975,530</u>	<u>\$ (1,192,816)</u>	<u>\$ 10,680,681</u>	<u>\$ 412,365</u>
Total Reporting Entity					
Long-Term Liabilities					
	<u>\$ 16,714,821</u>	<u>\$ 8,037,739</u>	<u>\$ (3,202,379)</u>	<u>\$ 21,655,611</u>	<u>\$ 887,112</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

B. Schedule of Changes in Bonds and Long-Term contracts (amounts expressed in thousands):

	Stated Interest Rate Range, %	Face Value Outstanding 6/30/2014	FY15 Issued/ Increased
General Tax Obligation Debt			
Public improvement bonds	0.25 to 6.32	\$ 2,422,445	\$ 257,365
Pension obligations	5.31 to 6.29	535,353	-
Commercial paper	0.12 to 10.00	257,350	117,000
Tax and revenue certificates of obligation	4.00 to 5.00	18,660	-
Total General Tax Obligation Debt		\$ 3,233,808	\$ 374,365
HUD Section 108 Loans		\$ 5,813	\$ -
Note Payable CWA		\$ 11,629	\$ -
Revenue Bonded Debt			
Airport System Bonds			
Senior Lien Revenue bonds	5.00 to 5.50	\$ 449,660	\$ -
Subordinate lien revenue and refunding bonds	0.14 to 5.45	1,756,110	-
Special facility bonds (Note 1K)	0.74 to 6.88	105,430	38,225
Inferior lien contractual obligation	5.38 to 5.50	23,075	-
Pension obligations	5.31	2,006	-
Commercial paper	.13	1,200	48,300
		\$ 2,337,481	86,525
Convention and Entertainment Facilities			
Senior lien hotel occupancy tax/parking facilities	1.12 to 5.75	\$ 437,150	206,315
Hotel and parking revenue commercial paper	0.08 to 10.00	42,000	-
Pension obligations	5.31 to 6.29	3,824	-
		\$ 482,974	206,315
Combined Utility System			
Combined Utility System first lien bonds	0.02 to 6.00	\$ 5,600,910	651,025
Water and Sewer System junior lien revenue bond	1.25 to 6.90	200,234	-
Combined Utility System commercial paper	0.12 to 10.00	180,000	120,000
Pension obligations	5.31 to 6.29	60,247	-
		\$ 6,041,391	771,025
Long-Term Contracts-Water and Sewer System			
Coastal Water Authority	2.00 to 7.50	98,900	38,415
Other long term contracts	3.22 to 5.85	23,148	77,084
		\$ 122,048	115,499
Total Revenue Bonded Debt and Long-Term Contracts, Primary Government		\$ 8,983,894	\$ 1,179,364
Total Bonds and Long-Term Contracts Payable, Primary Government		\$ 12,235,144	\$ 1,553,729

(Continued)

(1) Adjustments consist of unamortized bond premiums, discounts, and capital appreciation bond accretions.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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FY15 Redeemed/ Refunded	Face Value Outstanding 6/30/2015	Adjustments⁽¹⁾	Net Outstanding 6/30/2015
\$ 232,470	\$ 2,447,340	\$ 211,324	\$ 2,658,664
5,750	529,603	-	529,603
232,450	141,900	-	141,900
2,300	16,360	1,311	17,671
<u>\$ 472,970</u>	<u>\$ 3,135,203</u>	<u>\$ 212,635</u>	<u>\$ 3,347,838</u>
<u>\$ 659</u>	<u>\$ 5,154</u>	<u>\$ -</u>	<u>\$ 5,154</u>
<u>\$ 11,629</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 449,660	\$ (737)	\$ 448,923
54,965	1,701,145	72,562	1,773,707
41,600	102,055	-	102,055
5,315	17,760	-	17,760
-	2,006	-	2,006
-	49,500	-	49,500
<u>101,880</u>	<u>2,322,126</u>	<u>71,825</u>	<u>2,393,951</u>
138,095	505,370	172,456	677,826
42,000	-	-	-
65	3,759	-	3,759
<u>180,160</u>	<u>509,129</u>	<u>172,456</u>	<u>681,585</u>
334,455	5,917,480	304,301	6,221,781
142,895	57,339	87,148	144,487
180,000	120,000	-	120,000
975	59,272	-	59,272
<u>658,325</u>	<u>6,154,091</u>	<u>391,449</u>	<u>6,545,540</u>
51,390	85,925	6,717	92,642
121	100,111	5,464	105,575
<u>51,511</u>	<u>186,036</u>	<u>12,181</u>	<u>198,217</u>
<u>\$ 991,876</u>	<u>\$ 9,171,382</u>	<u>\$ 647,911</u>	<u>\$ 9,819,293</u>
<u>\$ 1,477,134</u>	<u>\$ 12,311,739</u>	<u>\$ 860,546</u>	<u>\$ 13,172,285</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

C. Terms of Long-Term Debt

1. Public Improvement Bonds

The City has issued Public Improvement Bonds on numerous occasions. The bonds are payable from ad valorem tax revenues. The proceeds are used for street and bridge improvements, traffic signals, municipal buildings, parks, and other capital improvements. Interest is payable semi-annually; principal is payable in various amounts annually through March 1, 2043.

2. Pension Obligation Bonds

The City has issued several series of General Obligation Taxable Pension Bonds. The proceeds were used to reduce the unfunded actuarial liability of the Houston Municipal Employees Pension System and the Houston Police Officers Pension System. Interest is payable semi-annually, and principal is payable in varying amounts through 2041. Although these obligations have an ad valorem tax pledge, a portion of the liabilities is recorded in the enterprise funds because the liabilities are directly related and expected to be paid from those funds based on percentages of payroll.

3. General Obligation Commercial Paper

The City currently may issue Commercial Paper Notes ("Notes") under its \$875 million General Obligation Commercial Paper, \$200 million Series E Program, \$200 million Series G Program, \$100 million Series H-2 Program, \$125 million Series J, \$150 million Series K-1 and \$100 million Series K-2 Program. The Notes may be issued for a period not to exceed 270 days and will bear interest based upon the specified term of the Notes, but not to exceed 10%. Principal on the Notes is payable from ad valorem tax revenue, the issuance of new commercial paper, bond proceeds and other funds provided under credit lines. Interest is payable from ad valorem tax revenue collected by the City. Proceeds from the Notes are used to finance various capital projects and public improvements for authorized City purposes. Upon maturity, the Notes will be remarketed by the commercial paper dealers or extinguished with long-term debt.

During fiscal year 2015 the average interest rate for the outstanding General Obligation Notes, including dealer and credit fees, was 0.62%. The average year-end rate for the outstanding notes, including fees, was 0.61%. This does include Series K-1, K-2 and G-1 which was established mainly for appropriation purpose; therefore there were no draws during the Fiscal Year 2015. The average fees only related to Series K-1 is 0.175%, K-2 is 0.3% and G-1 is 0.32% without any notes outstanding during Fiscal Year 2015. The Credit Agreements expire on the following dates: Series E-1 on July 15, 2015, Series E-2 on April 28, 2016, Series G-1 on February 19, 2018, Series G-2 on November 28, 2017, Series H-2 on October 13, 2017, Series J on May 20, 2017, Series K-1 on February 22, 2022 and Series K-2 on December 27, 2015.

4. Certificates of Obligation

Since 1988, the City has issued Certificates of Obligation each year to provide for the purchase of equipment utilized in general City operations including, without limitation, police vehicles, maintenance vehicles and equipment, computer equipment, and costs associated with demolishing dangerous structures. Each year the City is obligated to levy, assess, and collect ad valorem taxes sufficient to pay principal and interest on the certificates payable semi-annually until maturity.

5. HUD Section 108 Loan

The City has borrowed money from the United States Department of Housing and Urban Development ("HUD") and loaned it to the Houston Business Development Initiative ("HBDI") and three hotels in the downtown business district. HBDI in turn makes small business loans to under-served areas of the community. The City has pledged only certain grant revenues and its receipts from the loans to repay HUD.

6. Airport System Revenue Bonds

The Houston Airport System has \$449,660,000 of senior lien bonds outstanding that mature in varying amounts from 2015 to 2039. Bonds issued on the senior lien require net revenues total 125% of the debt service requirements for such fiscal year. The Houston Airport System has also issued Subordinate Lien Bonds which are paid solely from a lien on the airport system's net revenues, which must total 110% of the debt service requirements for Subordinate Lien Bonds for such fiscal year. The bonds have a final maturity in the year 2032. Airport System Subordinate Lien Revenue Bonds, Series 2000P1 and 2000P2, 2002C, 2002D-1, and 2002D-2, have been issued as auction rate securities with current 7-day resets. In December 2010, the Airport System issued Variable Rate Demand Obligations (VRDO's), Series, 2010A, with a 7-day reset to refund its 2005 VRDO's which were subject to alternative minimum tax. These bonds may all be converted to other modes including fixed rate bonds. The City has liquidity facility with Barclay in place for the Series 2010 bonds with a termination date of December 22, 2017. The maximum interest rate permitted under the ordinance is 10%.

The City has purchased municipal debt service reserve fund policies that unconditionally guarantee the payment of principal and interest on 9 of the 14 current outstanding airport system subordinate lien issues. The reserve policies terminate upon final maturities on various dates in the future. Each of the draws made against the reserve policy shall bear interest at the Prime Rate plus two percent, not to exceed a maximum interest rate of 12%. The repayment provisions require one-twelfth of the policy costs

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for each draw to be repaid monthly, beginning the first month following the date of each draw. The City cash funded a reserve fund for its Houston Airport System 2009 Senior Lien Revenue Bonds.

7. Airport System Inferior Lien Contract

On July 1, 2004 the City and United Airlines (formerly Continental Airlines, Inc). entered into a Sublease Agreement associated with the Special Facilities Lease for the Automated People Mover System and the City's Airport System Special Facilities Revenue Bonds (Automated People Mover Project) Series 1997A (1997A Special Facilities Bonds). The City assumed United Airlines' interest in the project upon completion of the expansion of the Automated People Mover System on January 25, 2005. As part of the Sublease, the City agreed to make sublease payments that include amounts equal to the debt service on the 1997A Special Facilities Bonds. The payments are payable from Airport System net revenues on the same priority as inferior lien bonds. Accordingly, the principal amount remaining on the 1997A Special Facilities Bonds, totaling \$17,760,000 is recorded as an Inferior Lien Contract.

8. Airport System Special Facility Bonds

The Airport System Special Facilities Taxable Revenue Bonds, (Consolidated Rental Car Facility Project), Series 2001, financed the design and construction at Intercontinental of a common car customer service building, a parking structure, maintenance, storage and administrative facilities for each car rental company lessee, a common bus fleet and maintenance facility, and related infrastructure. The City holds legal title to the completed Consolidated Rental Car Facility ("CRCF"), as it was constructed on airport property, but the facility is operated and maintained by IAH RACS, LLC, a limited liability company formed by various car rental companies. The bonds are payable from customer facility charges collected by the car rental companies from their customers and remitted to a trustee for payment of debt service and other uses allowable by a trust indenture. As of June 30, 2015, the daily usage charge per customer is set at \$4.00. The trust indenture determines when and how the City is responsible for changing the rate. The bonds are limited special obligations of the City, payable solely from and secured by pledged customer facility charges. There is no pledge of the car rental companies' revenues, or against any general revenue of the City or the Airport System Fund.

On September 4, 2014, the City issued \$38,225,000 in Airport System Special Facilities Taxable Revenue Refunding Bonds (Consolidated Rental Car Facility Project), Series 2014, at coupons ranging from 6.49% to 7.13%. The stated interest rate was 3.117%. The bonds mature in varying amounts from 2015 to 2021. Proceeds of the bonds will be used to refund \$37,245,000 of the City's outstanding Airport System Special Facilities Taxable Revenue Bonds (CRCF), Series 2001, and to pay costs of issuance. Net present value saving related to the refunded bonds totaled \$5,078,199 or 13.63% of the refunded bonds and reduced total debt service by \$6,110,108. The bonds are limited special obligations of the City, payable solely from and secured by pledged customer facility charges. These bonds do not constitute a debt or pledge of the faith or credit of the City or the Airport System Fund.

In prior reporting periods, the Airport Fund has elected not to report the CRCF facility or the Special Facility Revenue Bonds (CRCF) on its financial statements, under the Governmental Accounting Standards Board guidance for conduit debt obligations. Beginning in the fiscal year ended June 30, 2015, the Airport System Fund has elected to change its method of accounting, and to report the CRCF assets, revenues, and associated debt and expenses, with retroactive adjustments on comparative data. See Note 2, "Summary of Significant Accounting Policies" for further information. At June 30, 2015, special facilities revenue and refunding bonds (CRCF) outstanding totaled \$102,055,000.

9. Airport System Commercial Paper

Between July 1, 2013 and December 20, 2013, Airport System Senior Lien Commercial Paper Notes Series A and B (the Notes) were collateralized by a direct pay letter of credit issued by Bank of America N. A. On December 18, 2013 the Series A and B Notes were authorized with a revolving credit agreement convertible to direct pay letters of credit issued by Royal Bank of Canada, and a lien on the net revenues of the Airport System. The Letter of Credit will terminate on December 16, 2016 for Series A and B. The authorization is for \$150 million to establish, improve, enlarge, extend and repair the City's Airport System, acquire land, and pay interest and cost of issuance of the Notes. The outstanding notes as of June 30, 2015 are \$49.5 million.

10. Convention and Entertainment Facilities Bonds

These bonds are special limited obligations of the City that are paid from a lien on the pledged receipts of the Hotel Occupancy Tax (HOT), revenues collected from certain City-owned parking facilities, and rebates of certain taxes derived from operation of the Convention Center Hotel and Parking Garage. The pledged HOT receipts are equal to 5.65% of the cost of substantially all hotel room rentals in the City, plus related penalties and interest for delinquent payments. As long as any of the Senior Lien Bonds remain outstanding, the City is required to levy a Hotel Occupancy Tax at a rate not less than 7%. The City currently levies a Hotel Occupancy Tax at the rate of 7%. Final maturity of the bonds is September 1, 2044.

The City has obtained a debt service reserve insurance policy for the Senior Lien Hotel Occupancy Tax Revenue Bonds. The surety policy provides insurance sufficient to pay maximum annual debt service of the Bonds. The surety policy expires upon

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final maturity of all outstanding Bonds, September 1, 2033. The City of Houston Convention Center Revenue Bonds, Series 2001C-1 and 2002C-2, have been issued as 7-day auction rate securities and are subject to conversion at the option of the City and subject to certain restrictions, to bonds that bear interest at rates other than auction rates. The maximum interest rate permitted under the ordinance is 10%.

11. Combined Utility System First Lien Revenue Bonds

City Council authorized creation of the Combined Utility System (“the System”) on September 3, 2003. The Combined Utility System currently consists of the City’s Water and Sewer System. In the future the City may elect to include other utility systems. Its bonds are special obligations of the City payable from Net Revenues of the System after payments for maintenance and operations and debt service on Water and Sewer Junior Lien bonds. Net Revenues must equal 110% of the First Lien Revenue Bonds debt service.

The Combined Utility System Revenue Refunding Bonds, Series 2004B and 2004C, were initially issued as Auction Rate Securities. All of the 2004B auction rate securities were converted to variable rate demand bonds in April 2008. The Combined Utility System Revenue Refunding bonds Series, 2012A, 2012B and 2012C were issued as SIFMA index floating rate. Series 2012A bonds refunded \$125M and Series 2012B bonds refunded \$100M of Series 2004B-1 bonds. The Series 2012C were used to refund \$249M bonds of Series 2010B.

12. Combined Utility System Commercial Paper

The Combined Utility System established a Commercial Paper Notes Program Series B which has been authorized for \$775 million to finance costs of eligible projects for the City’s combined utility system, including acquisition or construction of improvements and additions or extension for the system, and costs of issuance. The notes are issued as third lien obligations. The maturity of the Notes may not exceed 270 days and the maximum interest rate may not exceed 10%. Principal on the Notes is payable from the issuance of new commercial paper, bond proceeds and other funds provided under separate letters of credit with J.P. Morgan Bank; Morgan Stanley; Bank of Tokyo; State Street; Royal Bank of Canada and U.S. Bank. The letters of credit with JP Morgan expires on December 16, 2015, Morgan Stanley expires on December 23, 2019, and Bank of Tokyo expires on January 16, 2018. The agreements with State Street and U.S. Bank expire on July 15, 2016. The agreement with RBC expires November 30, 2018. Interest on the Notes is payable from net revenues of the System and loans under the credit agreement.

13. Combined Utility System Synthetic Fixed Rate Swap Agreements

Combined Utility System synthetic fixed rate swaps. On June 10, 2004 the City entered into three identical pay-fixed, receive-variable rate swap agreements. The City pre-qualified six firms to submit competitive bids on the swap. The bidding took place on June 7, 2004. The three firms selected all matched the lowest fixed rate bid of 3.7784%.

Objective. The objective of the swaps is to hedge against the potential of rising interest rates in conjunction with the City’s Combined Utility System 2004B variable rate interest bonds (“2004B Bonds”).

Terms. The notional amount totals \$653,325,000, the principal amount of the associated 2004B Bonds. The City’s swap agreements contain scheduled reductions to outstanding notional amounts that follow anticipated payments of principal of the 2004B Bonds in varying amounts during the years 2028 to 2034.

Under the terms of the swaps, the City will pay a fixed rate of 3.7784% and receive a floating rate equal to 57.6% of One-Month US Dollar LIBOR plus 37 basis points. All agreements were effective June 10, 2004, the date of issuance of the 2004B Bonds. The termination date is May 15, 2034.

At June 30, 2015, the effective rate on the 2004B Bonds associated with the swap was computed as follows:

		RATE (%)
	Terms	Received
Variable rate payment from counterparties	LIBOR x 57.6%	0.0961
	+ Constant	<u>0.3700</u>
Swap receipt		0.4661
Fixed rate paid to counterparties	Fixed	<u>(3.7784)</u>
Net rate (paid)/received for swap		(3.3123)
Average variable rate on 2004B bonds, year end		(0.0391)
Plus dealer and credit fees on 2004B bonds		<u>(0.5801)</u>
Effective rate of 2004B bonds		<u>(3.9315)</u>

Fair value. Because long-term interest rates have changed since inception of the swaps, the swaps had a negative fair value of \$168,285,262 on June 30, 2015. After adjustment for the refunded portion, the value reported in the financial statements is

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\$66,068,264. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. The fair value is recorded on the balance sheet of the Combined Utility System in the SWAP liability. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2015, the City was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates increase and the fair value of the swap become positive, the City would be exposed to credit risk on the swap in the amount of its fair value. The City's swap policy generally requires that swap counterparties be rated double-A or better by at least one nationally recognized rating agency at inception. Under the agreements, if a counterparty's credit rating falls below AA, collateral may be required in varying amounts depending on the credit rating and fair market value to the City of the swaps. No collateral has been required to date.

<u>Counterparty</u>	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating (Moody's /S&P /Fitch)</u>
Goldman Sachs Capital Markets	\$353,325,000	(91,010,432)	A3/A/A+
JP Morgan Chase	150,000,000	(38,637,415)	Aa3/A+/AA-
UBS AG	<u>150,000,000</u>	<u>(38,637,415)</u>	A1/A/A
Total	<u>\$653,325,000</u>	<u>(168,285,262)</u>	

Basis risk. The City is exposed to basis risk on the swaps because the variable payment received is based on an index other than SIFMA. Should the relationship between LIBOR and SIFMA move to convergence (because of reductions in tax rates, for example), the expected cost savings may not be realized. The City has issued variable rate demand bonds with an average rate of

0.17% (not including dealer and credit fees) as of June 30, 2015, whereas the associated LIBOR-based rate of the swap was 0.46%.

Termination risk. The City may terminate for any reason. A counterparty may terminate a swap if the City fails to perform under the terms of the contract. The City's on-going payment obligations under the swap (and, to a limited extent, its termination payment obligations) are insured, and counterparties cannot terminate so long as the insurer does not fail to perform. If a swap should be terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates. Also, if at the time of the termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Remarketing risk. The City faces a risk that the remarketing agent will not be able to sell the variable rate bonds at a competitive rate. At times rates vary as investors shift portfolios in and out of the tax-exempt variable rate sector.

Swap payments and associated debt. As of June 30, 2015, debt service requirements for the swap agreements are reported in Note 8D, assuming current interest rates remain the same. As rates vary, variable rate bond interest payments and net swap payments will vary. Expected debt service payments on the associated Combined Utility System 2004B bonds are included with other Combined Utility System Bonds on Note 8D.

14. Combined Utility System Forward Interest Rate Swap

Combined Utility System Forward Starting Swap. On November 1, 2005 the City entered into a forward interest rate swap transaction with Royal Bank of Canada ("RBC"). The transaction was conducted through a competitive bid process.

Objective. The City entered the swap agreement to hedge against the potential of rising interest rates associated with underlying variable rate bonds of \$249,075,000.

Terms. Under the terms of the contract, the City will pay a fixed rate of 3.761% on a par value of \$249,075,000, and it will receive variable payments based on 70% of one-month LIBOR. The City's scheduled net swap payments are insured by Ambac Assurance Corporation.

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At June 30, 2015, the effective rate on the 2012C Bonds associated with the swap was computed as follows:

	<u>Terms</u>	<u>RATE (%)</u> <u>Received</u> <u>(Paid)</u>
Variable rate payment from counterparties (Swap Receipt)	LIBOR x 70%	0.1168
Fixed rate paid to counterparty	Fixed	<u>(3.7610)</u>
Net rate (paid)/received for swap		(3.6442)
Year-end variable rate on 2012C bonds		(0.0448)
Plus credit fees on 2012C bonds		<u>(0.6000)</u>
Effective rate of 2012C bonds		<u>(4.2890)</u>

Fair value. The swap had a fair value of negative \$65,235,243 on June 30, 2015. After adjustment for the refunded portion, the value reported in the financial statements is \$80,213,701. The fair value is recorded on the balance sheet of the Combined Utility System in the SWAP liability. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. As of June 30, 2015, the City was not exposed to credit risk because the fair market value of the swap was negative to the City. As of June 30, 2015, RBC was rated Aa3, AA- and AA by Moody's, Standard and Poor's, and Fitch respectively. Under the agreement, if RBC's credit rating falls below double-A, collateral must be posted in varying amounts depending on the credit rating if the fair value of the swap is positive to the City. No collateral has been required to date.

Basis risk. The City is exposed to basis risk on the swap because the variable payment received is based on an index that is not tax-exempt. Should the relationship between LIBOR and SIFMA move to convergence (because of reductions in tax rates, for example), the expected cost savings may not be realized. At June 30, 2015 the interest rate in effect for the underlying variable rate bonds was 0.17% while the rate in effect for the swap receipts was 0.11%.

Termination risk. The City may terminate for any reason. RBC may terminate a swap if the City fails to perform under the terms of the contract. The City's on-going payment obligations under the swap (and, to a limited extent, its termination payment obligations) are insured, and RBC cannot terminate so long as the insurer does not fail to perform. If a swap should be terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates. Also, if at the time of the termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2015, debt service requirements for the swap agreements are reported in Note 8D as if the swap was in effect, assuming current interest rates remain the same. As rates vary, variable rate bond interest payments and net swap payments will vary. Expected debt service payments on the associated Combined Utility System 2012C bonds are included with other Combined Utility System Bonds on Note 8D.

15. Water and Sewer System Junior Lien Revenue Bonds

These bonds are paid solely from a lien on the net water and sewer system revenues, which must total 110% of the current debt service requirements on the junior lien bonds. As part of the restructuring to the new Combined Utility System, the City refunded a substantial portion of the outstanding junior lien bonds on June 10, 2004 and reissued bonds as Combined Utility System bonds. Debt service payments on remaining Water and Sewer Junior Lien Revenue Bonds ("Junior Lien Bonds") will be made after payment of operating expenses and prior to any debt service payments on the Combined Utility System bonds. The final maturity date for the remaining junior lien bonds is December 1, 2028. No additional Junior Lien Bonds may be issued.

16. Coastal Water Authority ("CWA")

The contract payable relating to CWA represents the outstanding balance of \$12,580,000 at June 30, 2015 of City of Houston Water Conveyance System Contract Certificate of Participation, Series 1993, representing contract payments owed by the City to pay debt service on bonds issued by CWA, plus \$73,345,000 of CWA Revenue Refunding Bonds, Series 1999 (refunded), Series 2004 (refunded), Series 2010 and Series 2014 (refunding) issued by CWA, a governmental agency of the State of Texas, to finance the construction of a water conveyance system. Pursuant to a series of exchange agreements with CWA, the City issued the Certificate and endorsed the bonds and is unconditionally obligated to pay from the gross revenues of the City's Combined Utility System all debt service payments on these Certificates and Bonds, as well as amounts necessary to restore deficiencies in funds required to be accumulated under the CWA bond resolutions. The bonds mature on December 15, 2034.

Luce Bayou

In January 2009, the City entered into a contract with CWA for the project design, Property acquisition, construction and financing of the Luce Bayou Interbasin Transfer Project. This would include the construction of infrastructure sized to transfer approximately 450,000 acre feet per year of the City's permitted surface water from Trinity River to Lake Houston. The funding

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for this project is to be financed and paid through the Texas Water Development Board (TWDB) financing program. The WIF Bonds are secured by the City's pledged revenues to pay Debt Service. The current contract payable out of the General Purpose Fund relating to Luce Bayou as of June 30, 2015 represents \$28,754,000 of State Participation Loan (maturing in 2047), \$28,000,000 of Series 2009 WIF Loan (maturing in 2029) and \$5,115,000 of Series 2010 WIF Loan (maturing in 2030) for a total of \$61,869,000. The annual debt service payments for the State Participation Loan started in FY2015 and for the Series 2009 and 2010 WIF Loan are deferred to 2019 and 2020 respectively.

Luce Bayou & Mitigation Costs-ROW

Land and Mitigation Costs associated with the Luce Bayou Project relate to acquisition of land and costs of environmental mitigation. CWA advanced funds to pay for the City's share of Land and Mitigation costs from available CWA revenues in lump sums (\$6.4m in 2009, \$3.2m in 2010, \$3.2m in 2012) for a total of \$12.9m. Repayment of the loan is deferred until 2019 with the accrued interests during 2009-2018 rolled into principal to be amortized over the next 20 years.

17. Other Contracts

Payments on the following contracts will be made only after the Combined Utility System has funded all maintenance and operation costs and debt service payments for the Combined Utility System, including required reserves.

On June 20, 1967 the City, TRA, and Chambers-Liberty Counties Navigation District contracted with the United States of America to have the U.S. Army Corps of Engineers build a salinity control barrier and recreation facilities at Wallisville Lake. Because of legal actions, construction was blocked for a long period, and the project was not completed until April 2003. The City's share of the project cost was \$10,580,707, which will be paid to the U.S. government over 50 years at 3.222% interest with final payment due January 1, 2053.

In April 2000 the City, Brazos River Authority ("BRA"), and the Texas Water Development Board ("TWDB") entered into an agreement to develop the Allen's Creek water supply reservoir in Fort Bend County as a regional water supply. TWDB paid \$14,000,000, or 50% of funding, to provide for construction of the project, and the City agreed to purchase TWDB's share. Interest payments on the lease-purchase began in 2005 at an average rate of 5.85%. Interest costs over the first eight years will be partially deferred to later years. Principal payments will begin in 2022, and the final principal payment will be made in 2036.

D. Schedule for Debt Service Requirements to Maturity:

The following debt service schedules have been adjusted to include refundings that occurred subsequent to June 30, 2015.

1. General Long-Term Tax Obligation Debt (adjusted for Capital Appreciation and Deferred Interest Bonds reclassification of principal & interest) (in thousands):

Year Ending June 30	Public Improvement Bonds		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 177,645	\$ 112,511	\$ 6,160	\$ 31,435
2017	211,265	104,924	6,585	31,048
2018	222,945	96,356	7,050	30,633
2019	207,885	86,168	7,540	30,190
2020	211,315	76,844	8,065	29,716
2021-2025	772,605	253,306	97,010	134,594
2026-2030	455,835	101,276	147,735	99,521
2031-2035	132,355	29,526	171,383	45,402
2036-2040	44,320	7,653	57,825	8,842
2041-2045	11,170	1,029	20,250	880
Total	<u>\$ 2,447,340</u>	<u>\$ 869,593</u>	<u>\$ 529,603</u>	<u>\$ 442,261</u>

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Year Ending June 30	General Obligation Commercial Paper		Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest
2016	\$ 92,000	\$ 508	\$ -	\$ 428
2017	10,000	304	-	428
2018	39,900	72	1,080	428
2019	-	-	1,135	374
2020	-	-	1,195	318
2021-2025	-	-	12,950	613
2026-2030	-	-	-	-
2031-2035	-	-	-	-
2036-2040	-	-	-	-
2041-2045	-	-	-	-
Total	\$ 141,900	\$ 884	\$ 16,360	\$ 2,589

Year Ending June 30	Total Future Requirements		
	Principal	Interest	Total Future Requirements
2016	\$ 275,805	\$ 144,882	\$ 420,687
2017	227,850	136,704	364,554
2018	270,975	127,489	398,464
2019	216,560	116,732	333,292
2020	220,575	106,878	327,453
2021-2025	882,565	388,513	1,271,078
2026-2030	603,570	200,797	804,367
2031-2035	303,738	74,928	378,666
2036-2040	102,145	16,495	118,640
2041-2045	31,420	1,909	33,329
Total	\$ 3,135,203	\$ 1,315,327	\$ 4,450,530

2. HUD Section 108 Loans (in thousands):

Year Ending	HUD Section 108 Loans (in thousands)		
	Principal	Interest	Total Future
2016	\$ 659	\$ 271	\$ 930
2017	659	235	894
2018	672	198	870
2019	672	160	832
2020	672	121	793
2021-2025	1,820	175	1,995
2026-2030	-	-	-
Total	\$ 5,154	\$ 1,160	\$ 6,314

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3. Enterprise Funds (adjusted for capital appreciation and deferred reclassification of principal and interest) (in thousands):

Year Ending June 30	Airport System Senior Lien Revenue Bonds		Airport System Senior Lien Commercial Paper		Airport System Subordinate Lien Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 9,275	\$ 23,587	\$ -	\$ 69	\$ 56,455	\$ 67,798
2017	9,740	23,112	49,500	26	64,925	65,242
2018	10,225	22,613	-	-	67,630	62,492
2019	10,735	22,089	-	-	67,785	59,598
2020	11,275	21,538	-	-	77,050	56,570
2021-2025	65,410	98,425	-	-	433,085	231,297
2026-2030	83,545	79,791	-	-	554,745	133,992
2031-2035	108,130	54,368	-	-	379,470	26,742
2036-2040	141,325	20,264	-	-	-	-
2041-2045	-	-	-	-	-	-
Total	<u>\$ 449,660</u>	<u>\$ 365,787</u>	<u>\$ 49,500</u>	<u>\$ 95</u>	<u>\$ 1,701,145</u>	<u>\$ 703,731</u>

Year Ending June 30	Airport System Inferior Lien Contract		Airport System Pension Obligations		Airport System Special Facility Bonds- Rental Car Facility	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 5,605	\$ 823	\$ -	\$ 106	\$ 5,160	\$ 5,382
2017	5,915	506	-	106	5,305	5,344
2018	6,240	171	-	107	5,490	5,275
2019	-	-	-	106	5,715	5,170
2020	-	-	-	107	5,960	5,038
2021-2025	-	-	-	533	40,410	20,359
2026-2030	-	-	601	517	34,015	4,805
2031-2035	-	-	1,405	211	-	-
2036-2040	-	-	-	-	-	-
2041-2045	-	-	-	-	-	-
Total	<u>\$ 17,760</u>	<u>\$ 1,500</u>	<u>\$ 2,006</u>	<u>\$ 1,793</u>	<u>\$ 102,055</u>	<u>\$ 51,373</u>

Year Ending June 30	Airport System Total Future Requirements		
	Principal	Interest	Total
2016	\$ 76,495	\$ 97,765	\$ 174,260
2017	135,385	94,336	229,721
2018	89,585	90,658	180,243
2019	84,235	86,963	171,198
2020	94,285	83,253	177,538
2021-2025	538,905	350,614	889,519
2026-2030	672,906	219,105	892,011
2031-2035	489,005	81,321	570,326
2036-2040	141,325	20,264	161,589
2041-2045	-	-	-
Total	<u>\$ 2,322,126</u>	<u>\$ 1,124,279</u>	<u>\$ 3,446,405</u>

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Year Ending June 30	Convention and Entertainment Facilities Revenue Bonds		Convention and Entertainment Pension Obligations	
	Principal	Interest	Principal	Interest
2016	\$ 24,459	\$ 18,073	\$ 65	\$ 235
2017	19,721	24,102	70	230
2018	21,815	23,806	75	226
2019	22,384	23,376	80	222
2020	23,712	23,148	90	216
2021-2025	113,226	130,752	1,045	930
2026-2030	123,918	143,322	1,492	554
2031-2035	109,330	118,664	842	86
2036-2040	26,810	7,667	-	-
2041-2045	19,995	2,084	-	-
	-	-	-	-
Total	\$ 505,370	\$ 514,994	\$ 3,759	\$ 2,699

Year Ending June 30	Convention and Entertainment Total Future Requirements	
	Principal	Interest
2016	\$ 24,524	\$ 18,308
2017	19,791	24,332
2018	21,890	24,032
2019	22,464	23,598
2020	23,802	23,364
2021-2025	114,271	131,682
2026-2030	125,410	143,876
2031-2035	110,172	118,750
2036-2040	26,810	7,667
2041-2045	19,995	2,084
Total	\$ 509,129	\$ 517,693

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Year Ending June 30	Combined Utility System Revenue Bonds		Combined Utility System Swap Agreement		Combined Utility System Commercial Paper	
	Principal	Interest	Net Swap Payment		Principal	Interest
2016	160,450	227,338	32,359		120,000	-
2017	183,600	221,594	30,820		-	-
2018	194,235	213,222	30,820		-	-
2019	205,530	204,395	30,820		-	-
2020	182,000	197,716	30,811		-	-
2021-2025	1,070,660	872,016	154,090		-	-
2026-2030	1,315,145	623,527	149,701		-	-
2031-2035	1,657,385	369,094	55,388		-	-
2036-2040	742,625	118,022	-		-	-
2041-2045	196,730	16,621	-		-	-
2046-2050	-	-	-		-	-
Total	\$ 5,908,360	\$ 3,063,545	\$ 514,807		\$ 120,000	\$ -

Year Ending June 30	Water and Sewer Jr. Lien Revenue Bonds		Combined Utility System Pension Obligations	
	Principal	Interest	Principal	Interest
2016	-	-	1,040	3,695
2017	-	-	1,115	3,630
2018	-	-	1,190	3,560
2019	-	-	1,275	3,485
2020	7,390	16,130	1,365	3,404
2021-2025	24,646	67,579	16,420	14,656
2026-2030	25,302	98,572	23,403	8,760
2031-2035	-	-	13,464	1,414
2036-2040	-	-	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
Total	\$ 57,338	\$ 182,281	\$ 59,272	\$ 42,604

Year Ending June 30	Combined Utility System Total Future Requirements			
	Principal	Interest	Net Swap Payment	Total Future Requirements
2016	281,490	231,033	32,359	544,881
2017	184,715	225,224	30,820	440,759
2018	195,425	216,782	30,820	443,027
2019	206,805	207,880	30,820	445,504
2020	190,755	217,250	30,811	438,816
2021-2025	1,111,726	954,251	154,090	2,220,067
2026-2030	1,363,850	730,859	149,701	2,244,410
2031-2035	1,670,849	370,508	55,388	2,096,745
2036-2040	742,625	118,022	-	860,647
2041-2045	196,730	16,621	-	213,351
2046-2050	-	-	-	-
Total	\$ 6,144,970	\$ 3,288,430	\$ 514,807	\$ 9,948,207

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4. Long-Term Contracts-Water and Sewer System (in thousands):

Coastal Water Authority			
Maintenance & Operation Lien			
Year Ending			Total Future
June 30	Principal	Interest	Requirements
2016	\$ 14,070	\$ 3,614	\$ 17,684
2017	4,100	3,104	7,204
2018	3,455	2,944	6,399
2019	3,590	2,795	6,385
2020	3,755	2,626	6,381
2021-2025	21,635	10,184	31,819
2026-2030	19,970	4,373	24,343
2031-2035	15,350	1,571	16,921
2036-2040	-	-	-
2041-2045	-	-	-
Total	\$ 85,925	\$ 31,211	\$ 117,136

Other Water & Sewer System Contracts										
Year Ending	US Army		Texas Water		CWA Luce Bayou		CWA Luce Bayou ROW		Other Contracts Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 124	\$ 291	\$ -	\$ 1,497	\$ -	\$ 267	\$ -	\$ -	\$ 124	\$ 2,055
2017	128	287	-	1,497	-	334	-	-	128	2,118
2018	133	283	-	1,497	-	467	-	-	133	2,247
2019	136	278	-	1,497	-	857	262	439	398	3,071
2020	141	274	-	1,496	2,915	1,663	544	858	3,600	4,291
2021-2025	778	1,299	1,935	5,341	15,620	9,901	3,159	3,849	21,492	20,390
2026-2030	911	1,165	4,055	3,086	14,580	12,910	4,039	2,968	23,585	20,129
2031-2035	1,068	1,009	5,385	1,755	4,310	7,988	5,166	1,842	15,929	12,594
2036-2040	1,252	825	2,625	234	6,720	3,959	4,450	453	15,047	5,471
2041-2045	1,467	610	-	-	10,305	2,993	-	-	11,772	3,603
2046-2050	1,719	358	-	-	7,419	533	-	-	9,138	891
2051-2055	1,170	76	-	-	-	-	-	-	1,170	76
Total	\$ 9,027	\$ 6,755	\$ 14,000	\$ 17,900	\$ 61,869	\$ 41,872	\$ 17,620	\$ 10,409	\$ 102,516	\$ 76,936

E. Debt Issuances and Refundings

Throughout its history, the City has issued refunding bonds from time to time when there has been an operational or economic gain for the City. These refundings have been structured as legal defeasances of the old debt as ruled by the Texas Attorney General, and such debt, including the debt balances refunded during fiscal 2015 described below, has been removed from the City's books.

Public Improvement Refunding Bonds

On August 19, 2014 the City issued \$257,365,000 in Public Improvement Refunding Bonds Series 2014A at coupons ranging from 3.00%-5.00%. The Bonds will mature in varying amounts from 2019-2034. The true interest cost for the Public Improvement 2014A Bonds was 2.946%. The proceeds of the Bonds will be used to refund Public Improvement Bonds Series 2006B, 2006D, 2006F, 2007A; and \$232,450,000 of General Obligation Commercial Paper Series E-1, E-2, G-2 and Series J. Net present value savings related to the refunded bonds totaled \$5,938,204 or 9.87% of the refunded bonds and reduced total debt service by \$8,215,137.

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Convention and Entertainment Hotel Occupancy Tax & Special Revenue Bonds

On August 20, 2014, the City issued \$73,725,000 of Convention & Entertainment Hotel Occupancy Tax and Special Revenue Bonds Series, 2014 (C&E2014) at coupons ranging from 2.00% to 5.00%. The true interest cost for the bonds was 3.95%. The Bonds mature in varying amounts from 2015 to 2039. The proceeds of the bonds will be used to refund a portion of the City's outstanding Convention & Entertainment Hotel Occupancy Tax and Special Revenue Bonds, Series 2012, finance certain eligible project costs and to pay costs of issuance. Net present value saving related to the refunded bonds totaled \$4,583,916 or 11.04% of the refunded bonds and reduced total debt service by \$6,781,642.

On March 19, 2015, the City issued \$132,590,000 of Convention & Entertainment Hotel Occupancy Tax and Special Revenue and Refunding Bonds, Series 2015 at coupons ranging from 2.00% to 5.00%. The true interest cost of the bonds was 3.27%. The bonds mature in varying amounts from 2015 to 2044. The proceeds of the bonds will be used to refund a portion of the City's outstanding Convention & Entertainment Facilities Department Hotel Occupancy Tax and Special Revenue Bonds, Series 2011B, refund the City's outstanding Subordinate Lien Hotel Occupancy Tax and Parking Revenue Flexible Rate Notes, Series A, and pay the costs of issuance of the Bonds. Net present value saving related to the refunded bonds totaled \$9,242,788 or 13.07% of the refunded bonds and reduced total debt service by \$12,372,178.

Combined Utility System Revenue and Refunding Bonds

On July 9, 2014 the City issued \$547,980,000 in Combined Utility System First Lien Revenue and Refunding Bonds, Series 2014D (CUS2014D) at coupons ranging from 3.00% to 5.00%. The true interest cost of the bonds was 3.591%. The bonds mature in varying amounts from 2015 to 2044. The proceeds of the Bonds, along with other proceeds from the system, will be used to: refund all of the outstanding Combine Utility System Commercial Paper Notes, Series B; refund a portion of the City's outstanding Water and Sewer System Junior Lien Revenue Refunding Bonds, Series 2004A-1, 2004A-2 and Combine Utility System First Lien Revenue and Refunding Bonds, Series 2005, 2007A, 2007B; fund various system construction projects; and pay cost of issuance. Net present value savings related to the refunded bonds totaled \$24,372,132 or 7.24% of the refunded bonds and reduced total debt service by \$34,802,240.

On December 15, 2014 the City issued \$38,415,000 Coastal Water Authority Contract Revenue Refunding Bonds, Series 2014 at coupons ranging from 3.00% to 5.00%. The true interest cost of the bonds was 3.206%. The bonds mature in varying amounts from 2015 to 2034. The proceeds from the sale of the bonds will be used to refund all or portions of the Authority's Contract Revenue Bonds, Series 2004 and pay the costs of issuing the bonds. Net present value savings related to the refunded bonds totaled \$4,497,618 or 11.84% of the refunded bonds and reduced total debt service by \$7,167,223.60.

On June 1, 2015 the City remarketed \$125,000,000 of Combined Utility System First Lien Revenue Refunding Bonds Series 2012A (SIFMA Index Floating Rate Bonds). The applicable spread for this remarketing is 0.90%.

Houston Airport System Special Facilities Bonds

On September 4, 2014, the City issued \$38,225,000 in Airport System Special Facilities Taxable Revenue Refunding Bonds (Consolidated Rental Car Facility Project) Series 2014 at coupons ranging from .40% to 2.99%. The true interest cost was 2.529%. The bonds mature in varying amounts from 2015 to 2021. Proceeds of the bonds will be used to refund a portion of the City's outstanding Airport System Special Facilities Taxable Revenue Bonds (Consolidated Rental Car Facility Project) Series 2001 and to pay costs of issuance. Net present value savings related to the refunded bonds totaled \$5,078,199 or 13.63% of the refunded bonds and reduced total debt service by \$6,110,108.

F. Bond Compliance Requirements

The revenue bond ordinances require that during the period in which the bonds are outstanding the City must create and maintain certain accounts or funds to receive the proceeds from the sale of the revenue bonds and to account for the revenues (as defined), which are pledged for payment of the bonds. The assets can be used only in accordance with the terms of the bond ordinance and for the specific purpose(s) designated therein.

The City is generally required to make a monthly transfer to debt service funds equal to one-sixth of the next interest payment and one-twelfth of the next principal payment. Certain bond ordinances have additional requirements for the establishment of rates and the accumulation of principal and interest repayment amounts from surplus operating funds. Generally, the bonds may be redeemed prior to their maturities in accordance with the bond ordinances and at various premiums equal to or less than 2%. During fiscal year 2015 the City has complied with the requirements of all revenue bond ordinances and related bond restrictions.

G. Voter Authorized Obligations

On November 4, 2001, voters of the City authorized the issuance of \$776,000,000 of Public Improvement Bonds. Since June 2002 City Council has authorized issuance of the entire amount as General Obligation Commercial Paper Series G, H-1 and H-2.

On November 7, 2006, voters of the City authorized the issuance of \$625,000,000 of Public Improvement Bonds. City Council has authorized issuance of \$520,583,000 as General Obligation Commercial Paper Series G, H-1, H-2 and J.

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On November 2012, voters authorized an additional \$410,000,000 of Public Improvement Bonds. City Council has authorized issuance of \$73,021,000 as General Obligation Commercial Paper Series G1, G2, H-2 and J.

In addition, the City is authorized by the City Charter to issue \$100,000 annually in general improvement bonds without voter approval.

H. Legal Debt Margin

At June 30, 2015, the City's legal debt limit was 10% of assessed property valuation totaling \$244,012,032,000. The City's legal debt margin less applicable outstanding debt was \$21,266,000,000.

NOTE 9: LEASES

Operating Leases

A. City as Lessee

The City has obtained office space, data processing and other equipment through long-term operating leases. The total cost for such leases was \$12,795,790 for the year ended June 30, 2015. The cost is \$9,524,304 for the General Fund, \$1,296,006 for the Grant Funds, \$739,138 for the Non-Major Governmental Funds, \$799,211 for the Combined Utility System Funds, \$297,717 for the Airport System Funds, \$89,023 for the Convention and Entertainment Facilities Funds and \$50,391 for the Internal Service Funds.

The future minimum payments under these agreements are as follows (in thousands):

Year ended	Operating
June 30	Lease Payments
2016	6,028
2017	5,300
2018	4,864
2019	4,745
2020	3,556
2021-2025	4,386
2026-2030	1,597
2031-2035	1,851
2036-2040	1,851
2041-2045	1,851
2046-2050	1,851
2051-2055	1,851
2056-2060	1,851
2061-2065	1,851
2066-2070	1,172
Total	\$ 44,605

B. City as Lessor

The Convention and Entertainment Facilities Department is the lessor of all of their capital assets to Houston First Corporation, a component unit. The agreement is a cancellable operating lease, and the capital assets have a cost of \$699,969,603, accumulated depreciation of \$259,720,455, and a carrying value of \$440,249,148. All the capital assets are used for performance and entertainment purposes.

The Airport System is the lessor of approximately ten percent of its land and substantially all of its buildings and improvements. These lease agreements are non-cancelable operating leases with fixed minimum rentals and non-cancelable operating use and lease agreements with annually adjusted rates. Rental income is earned from leasing various parcels of land with asset costs of \$22,062,621 to airlines, fixed base operators and various corporations for hangars, aircraft maintenance facilities, flight kitchens and cargo buildings; to auto rental companies for their service facilities and storage lots; and to a variety of other entities for buildings and other permanent improvements. Airlines and airport concessionaires lease various sections of City owned airport buildings and improvements for ticket counters, passenger hold rooms, baggage carousels, restaurants, retail stores and other facilities. Leased buildings, improvements and equipment have asset costs of \$4,945,790,815 and carrying costs of \$2,450,727,269. Accumulated depreciation on all these assets is \$2,495,063,546.

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Minimum guaranteed income on all City non-cancelable operating leases is as follows (in thousands):

Year ended June 30	Operating Leases Minimum Rental Income
2016	67,969
2017	67,533
2018	67,195
2019	67,011
2020	66,076
2021-2025	262,874
2026-2030	125,387
2031-2035	60,419
2036-2040	56,115
2041-2045	48,912
2046-2050	42,999
2051-2055	27,169
Total	\$ 959,659

Contingent income associated with the Airport System non-cancelable operating leases was approximately \$8,830,722 for the year ended June 30, 2015. Contingent income is earned when a concessionaire's payment, based on a percentage of sales, is higher than the minimum amount guaranteed to the Airport System under the terms of the lease. In addition, income is earned from certain non-cancelable operating use and lease agreements for landing fees and terminal building rentals. Such income is adjusted annually based on a compensatory formula to recover certain operating and capital costs of the related facilities. Compensatory income for the year ended June 30, 2015 was \$266,625,840.

NOTE 10: PENSION PLANS

A. General Information

Plan Descriptions

The City has three single employer defined benefit pension plans (Municipal Employees' Pension System, Firefighters' Relief and Retirement Fund, and the Police Officers' Pension System) which provides pension benefits for substantially all of its full-time employees. These pension plans were established under the authority of Texas statutes (Vernon's Texas Civil Statutes, Articles 6243.e2 (1), 6243g, 6243g-4, respectively), which establish the various benefit provisions. Independent Boards of Trustees administer each plan. The fiscal year of each pension fund ends June 30. The most recent available stand-alone financial statements of the pension funds are for the year ended June 30, 2015. The specific summary plan description for each Plan and the financial statements are available at the plan offices (see Note 1(B) (1)).

Benefits Provided

Houston Municipal Employees' Pension System (HMEPS). The plan includes a contributory group and two noncontributory groups and provides for service-connected disability and death benefits to eligible members and surviving spouse and/or dependents, with no age or service eligibility requirements. Pension benefits are based on a participant's average monthly salary and years of debited service, as defined in the Pension Statute. Pension benefits are adjusted annually for a fixed cost of living adjustment of 3% for eligible recipients. The maximum pension benefit is 90% of the participant's average monthly salary. A Deferred Retirement Option Plan (DROP) is available to eligible members.

Houston Firefighters' Relief and Retirement Fund (HRRFP). Retirement benefits for firefighters with 20 or more years of service retiring on or after November 1, 1997, are entitled to 50% of average monthly salary (defined as the monthly average of their highest individual 78 pay periods), plus 3% on the average monthly salary for each year of service in excess of 20 years until the member completes 30 years, for a total monthly pension not to exceed 80% of the average monthly salary for the highest 78 pay periods. Pension benefits are adjusted annually for a fixed cost of living adjustment of 3% for eligible recipients. A Deferred Retirement Option Plan (DROP) is available to eligible members with 20 or more years of service.

Houston Police Officers' Pension System (HPOPS). Retirement benefits for police officers are equal to 2.75% of the member's pensionable pay for each of the member's first 20 years of service plus 2% of pensionable pay for each year in excess of 20 years with no maximum percentage. Members hired or rehired subsequent to October 9, 2004 accrue benefits equal to 2.25% of the member's pensionable pay for the first 20 years plus 2% of the member's pensionable pay for each year in excess of 20 subject to a maximum of 80%. Pension benefits are adjusted annually equal to 80% of the increase in Consumer Price Index subject to minimum and maximum increases of 2.4% and 8.0% respectively. A Deferred Retirement Option Plan (DROP) is available generally to members with at least 20 years of service.

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Contributions

Employer and employee obligations to contribute, as well as employee contribution rates, are included in the enabling pension statutes, and for the Municipal Employees' Pension System and the Houston Police Officers' Pension System, some requirements are delineated in an amended and restated meet and confer agreement, effective July 1, 2011. Additionally, these laws provide that employer funding be based on periodic actuarial valuations, statutorily approved amounts or, in the cases of the Municipal Employees' Pension System and the Police Officers' Pension System, amounts agreed to in meet and confer agreements. All pension plans provide service, disability, death, and survivor benefits. In addition, each pension plan recognizes participant and employer contributions as revenues in the period in which they are due pursuant to formal commitments and recognizes benefits and refunds when they are due and payable in accordance with the terms of the pension statutes.

As of most recent measurement date of the net pension liability, membership data for the pension plans are as follows:

	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Retirees and beneficiaries currently receiving benefits	3,056	9,685	3,647
Former members entitled to benefits but not yet receiving them	6	3,313	22
Former members - not entitled to benefits	-	2,219	-
Active members:			
Vested	2,508	8,818	2,007
Non-vested	1,431	3,131	3,255
Total participants	7,001	27,166	8,931

On November 10, 2004 the City issued a \$300,000,000 collateralized note (The Collateralized Note) to HMEPS as part of the meet and confer agreement with HMEPS to fund part of the unfunded accrued actuarial liability of its pension plan. This note was paid in January 2009 with proceeds from City of Houston, Texas Taxable Pension Obligation Refunding Bonds, Series 2008. (See "Long-Term Liabilities" Note 8-C for further Pension Obligation Bond information.).

B. Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability" (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plans. The City's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Net Pension Liability (in thousands)	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston PoliceOfficers' Pension
Measurement Date	June 30, 2015	June 30, 2015	June 30, 2015
Total Pension Liability	\$ 4,455,341	\$ 4,764,870	\$ 6,992,783
Fiduciary Net Position	(3,877,651)	(2,456,544)	(4,304,521)
Net Pension Liability	\$ 577,690	\$ 2,308,326	\$ 2,688,262

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2014) and is presented in the Required Supplementary Information section on page 129.

C. Schedule of Changes in Net Pension Liability

Changes in the City's net pension liability presented below are calculated on the same basis as each of the plans. The Change in Net Pension Liability for Fire, Municipal, and Police pension plans for the Fiscal Year ended June 30, 2015 are as follows:

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Houston Firefighters' Relief and Retirement Fund

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 68,145	\$ -	\$ 68,145
Interest on the Total Pension Liability	353,405	-	353,405
Benefit Changes	-	-	-
Difference between Expected and Actual Experience	(28,536)	-	(28,536)
Employer Contributions	-	92,610	(92,610)
Employees Contributions	-	25,092	(25,092)
Pension Plan Net Investment Income	-	51,801	(51,801)
Assumptions Changes	2,801	-	2,801
Benefit Payments	(196,362)	(196,362)	-
Refunds	-	-	-
Administrative Expense	-	(6,640)	6,640
Other	-	(1,676)	1,676
Net Change	<u>199,453</u>	<u>(35,175)</u>	<u>234,628</u>
Net Pension Liability Beginning	4,255,888	3,912,826	343,062
Net Pension Liability Ending	<u>\$ 4,455,341</u>	<u>\$ 3,877,651</u>	<u>\$ 577,690</u>

Houston Municipal Employees' Pension System (see note 10E)

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 65,810	\$ -	\$ 65,810
Interest on the Total Pension Liability	361,007	-	361,007
Benefit Changes	-	-	-
Difference between Expected and Actual Experience	(23,380)	-	(23,380)
Employer Contributions	-	145,007	(145,007)
Employees Contributions	-	16,198	(16,198)
Pension Plan Net Investment Income	-	73,370	(73,370)
Assumptions Changes	-	-	-
Benefit Payments	(234,955)	(234,955)	-
Refunds	(1,549)	(1,549)	-
Administrative Expense	-	(7,007)	7,007
Other	-	1,041	(1,041)
Net Change	<u>166,933</u>	<u>(7,895)</u>	<u>174,828</u>
Net Pension Liability Beginning	4,597,937	2,464,439	2,133,498
Net Pension Liability Ending	<u>\$ 4,764,870</u>	<u>\$ 2,456,544</u>	<u>\$ 2,308,326</u>

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Houston Police Officers' Pension System

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 56,062	\$ -	\$ 56,062
Interest on the Total Pension Liability	473,065	-	473,065
Benefit Changes	-	-	-
Difference between Expected and Actual Experience	26,705	-	26,705
Employer Contributions	-	113,665	(113,665)
Employees Contributions	-	37,719	(37,719)
Pension Plan Net Investment Income	-	35,339	(35,339)
Assumptions Changes	664,974	-	664,974
Benefit Payments	(225,656)	(225,656)	-
Refunds	(945)	(945)	-
Administrative Expense	-	(3,478)	3,478
Other	-	-	-
Net Change	994,205	(43,356)	1,037,561
Net Pension Liability Beginning	5,998,578	4,347,877	1,650,701
Net Pension Liability Ending	<u>\$ 6,992,783</u>	<u>\$ 4,304,521</u>	<u>\$ 2,688,262</u>

D. Pension Expense

For the year ended June 30, 2015, the City recognized total pension expense of \$688,915,546. Pension expense recognized by plan is as follows:

Amounts Recognized in Pension Expense	Houston Firefighters' Pension	Houston Municipal Employees' Pension (see note 10E)	Houston Police Officers' Pension
Changes for the year:			
Service Cost	\$68,145,000	\$65,810,482	\$56,062,082
Interest	353,405,000	361,007,182	473,064,704
Difference between Expected and Actual Experience	(3,617,000)	(5,792,419)	4,669,839
Differences between Projected and Actual Earnings on plan investments	55,433,600	-	61,868,672
Member Contributions	(25,092,000)	(16,198,216)	(37,719,000)
Net Investment Income	(328,969,000)	(169,797,650)	(344,682,360)
Administrative Expense	6,640,000	7,007,422	3,478,000
Assumption Changes	355,000	-	116,280,664
Other	1,676,000	(1,040,548)	-
Total Pension Expense	<u>\$127,976,600</u>	<u>\$240,996,253</u>	<u>\$333,022,601</u>

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Schedule of Deferred Outflows and Inflow of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2015 for each plan are as follows (in thousands):

	HFRRF		HMEPS		HPOPS		Total
	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources	Deferred Outflows of Resources	Deferred Inflow of Resources	
Differences between expected actual experience	-	\$24,919	-	\$17,588	\$22,036	-	(\$20,471)
Changes of assumptions	2,446	-	-	-	548,693	-	551,139
Employers contribution subsequent to measurement date	797	-	2,126	-	-	-	2,923
Net difference between projected and actual earnings on pension plan investments	221,734	-	96,427	-	247,475	-	565,636
Total	\$224,977	\$24,919	\$98,553	\$17,588	\$818,204	-	\$1,099,227

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2015 will be recognized in pension expense as follows (in thousands):

	Houston Firefighters' Relief and Retirement Fund	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Year ended June 30:			
2016	\$52,969	\$17,054	\$182,819
2017	52,172	14,928	182,819
2018	52,172	14,928	182,819
2019	52,172	14,928	182,819
2020	(3,262)	19,127	86,928
Thereafter	(6,165)	-	-
Total	\$200,058	\$80,965	\$818,204

E. Assumptions and Other Data

Discount Rate

The discount rates reported are based on a certified actuarial report and are used to measure the total pension liability as of June 30, 2015 which is 8.5% Fire and 7.08% for Police. The discount rate is an assumption that generally is not required to be updated between actuarial valuations dates. The Municipal Employees Plan used 8.5% for which there is an indication that the assumption is no longer valid. The City believes that based on the advice of its own independent actuarial firm, the rate should be reported at 8%. Using a discount rate of 8% as opposed to the reported 8.5%, changed the amounts reported resulting in an increase in Pension Expense of approximately \$13 million as well as an increase in Net Pension Liability of approximately \$234 million. These increases are estimates and do not represent the result of a detailed actuarial measurement study.

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Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability for each of the City's plans, calculated using the discount rate, as well as what the City's net pension liability would have been if it were calculated using a discount rate that is 1-percent-point lower and 1-percent-point higher than the current rate (in thousands):

Sensitivity	1% Decrease	Current	1% Increase
	7.50%	Discount Rate	9.50%
	7.50%	8.50%	9.50%
Houston Firefighters' Pension - Net Pension Liability	\$ 989,465	\$ 577,690	\$ 235,835
	7.00%	8.00%	9.00%
Houston Municipal Employees' Pension	\$ 2,812,488	\$ 2,308,326	\$ 1,880,387
	6.08%	7.08%	8.08%
Houston Police Officers' Pension	\$ 3,576,952	\$ 2,688,262	\$ 1,971,192

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Schedule of Assumptions	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Inflation	3%	3%	2.75%
Salary Changes	3% to 7% Based	3% to 6%	0% to 12%
Investment Rate of Return	8.50%	8.00%	7.08% Blended
Valuation Date	7/1/2014	7/1/2014	7/1/2015
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization Period	30 Years	30 Years	30 Years
Asset Valuation Method	5 Year Smoothed	5 Year Smoothed, direct to offset of deferred gains and losses	Market value of assets less a five-year phase in of the excess(shortfall) between expected investment return and actual income
Inflation	3.0%	3.0%	2.75%
Ad hoc OPEB and Ad hoc COLA	3% Annually	3% - 6%	2%
Mortality Assumption	RP-200 Table Scale AA	RP-200 Table scaled by 110% for males and 95% for females	RP-2000 Table

CITY OF HOUSTON, TEXAS
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NOTE 11: OTHER EMPLOYEE BENEFITS

A. Post-Retirement Health Insurance Benefits

The City of Houston OPEB plan is a single-employer plan, and calculations are based on the OPEB benefits provided under the terms of the plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point.

Pursuant to a City Ordinance, the City provides certain health care benefits for retired employees. Substantially all of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City. Contributions are recognized in the year paid. The cost of retiree health care premiums and claim liability incurred by the City (employer and subscriber) amounted to \$62,157,079 for the year ended June 30, 2015. Retiree health care is accounted for in the Health Benefits Fund, an Internal Service Fund. At June 30, 2015, there were 10,112 retirees including active survivors eligible to receive benefits. Effective August 1, 2011 all Medicare Eligible Retirees must enroll in an insured Medicare Advantage Program Plan.

No stand-alone financial report is issued on the plan.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made into the future.

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Annual Other Post Employment Benefits (OPEB) Cost and Net OPEB Obligation

The annual OPEB cost associated with the City's retiree health care costs for the current year is as follows (in thousands):

	OPEB
Annual required contribution	\$ 192,519
Interest on net OPEB obligation	54,620
Adjustment to annual required contribution	(54,266)
Annual OPEB cost	192,873
Contribution made	(36,855)
Change in net OPEB obligation	156,018
Net OPEB obligation, beginning of year	1,365,491
Net OPEB obligation, end of year	\$ 1,521,509

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$214,037	16.3%	\$1,209,125
2014	\$192,112	18.6%	\$1,365,491
2015	\$192,873	19.1%	\$1,521,509

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Schedule of Funding Progress (in millions)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio	Covered Payroll (C)	UAAL as a % of Covered Payroll ((b-a)/c)
2013	\$0	\$2,090	\$2,090	0%	\$1,178.1	177.4%
2014	\$0	\$2,090	\$2,090	0%	\$1,227.2	170.3%
2015	\$0	\$2,068	\$2,068	0%	\$1,266.0	163.3%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as to the actuarial valuation used for purposes of the financial statements is as follows:

Valuation date	July 1, 2014
Actuarial cost method	Entry age Normal Cost
Amortization method	Level percent of payroll over an open period of 30 years
Discount Rate	4.0%
Inflation rate	3.0%
Annual increase attributable to seniority/merit	2.5% to 14.5%
Medical trend rates	5.0% to 7.75%

B. Health Benefits Internal Service Fund

Effective May 1, 2011, the City elected to be substantially self-insured and on May 1, 2014 once again awarded CIGNA a three year contract with two (2) one-year renewal options for 4 new health plans. All have a heavy emphasis on a wellness component, and include; 1) a limited network HMO-type plan, 2) an open access PPO -type plan with out-of-network coverage, 3) a consumer driven high deductible health plan, partnered with a health reimbursement account, and 4) a specific plan for retirees, mostly those under age 65, who live outside the limited network service area but who live in Texas. Effective May 1, 2013, the City no longer purchases individual and aggregate stop-loss coverage. The City has assumed the financial risk of catastrophic and overall claim liability. The plan is administered by CIGNA.

Premiums paid (employer and subscriber) for current employees to third party administrators including claim liability totaled \$234,956,885 for the year ended June 30, 2015.

Schedule of Changes in Liability		
(in thousands)		
	June 30, 2015	June 30, 2014
Beginning actuarial estimate of claims liability, July 1	\$ 31,787	\$ 22,483
Incurred claims for fiscal year	254,424	271,941
Catastrophic claims reserve	-	13,000
Payments on claims	(254,635)	(275,637)
Ending estimate of claims liability, June 30	<u>\$ 31,576</u>	<u>\$ 31,787</u>

The City also provides one times the salary of basic life insurance, with a minimum of \$15,000, at no cost to the employee. The employee, at no cost to the City, may then obtain additional life insurance up to four times their annual salary. The current costs for active employees for both basic and voluntary life insurance totaled \$5,625,094 for the year ended June 30, 2015.

CITY OF HOUSTON, TEXAS
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C. Long-Term Disability Plan (LTD)

The long-term disability plan, accounted for as an internal service fund, is a part of the Income Protection Plan implemented effective September 1, 1985 (renamed the Compensable Sick Leave Plan (CSL) in October, 1996) and is provided at no cost to City employees who are members of CSL. Coverage is effective the later of September 1, 1985 or upon completion of one year of continuous service. When an employee cannot work because of injury or illness, the plan provides income equal to 50% of base pay plus longevity or 70% of base plus longevity when combined with income benefits available from other sources. Plan benefits may be payable after all CSL scheduled sick leave benefits, including frozen sick leave days, have been used, however, not before six months absence from work. The plan is administered by Hewitt Associates LLC, which is reimbursed from the fund for claims as they are paid along with a fee for administrative services. Effective September 1, 2001 the Meet and Confer Agreement establishes Paid Time Off (PTO) for police classified officers. This replaces their participation in the LTD plan.

Schedule of Changes in Liability		
(in thousands)		
	June 30, 2015	June 30, 2014
Beginning actuarial estimate of claims liability, July 1	\$ 8,069	\$ 8,882
Incurred claims for fiscal year	1,208	1,093
Payments on claims	(1,177)	(986)
Actuarial adjustment	620	(920)
Ending actuarial estimate of claims liability, June 30	\$ 8,720	\$ 8,069

D. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (Plan), created in accordance with Internal Revenue Code Section 457 as a separately administered trust. The Plan, available to all City employees, permits employees to defer a portion of their salary until future years. The deferred compensation funds are not available until termination, retirement, death or unforeseeable emergency. However, the Plan now offers loans to participant employees. The maximum amount is the lesser of \$50,000 or 50% of the total account balance, less any outstanding loans. The minimum loan amount is \$1,000. Pursuant to tax law changes, the Plan's assets are no longer subject to the City's general creditors and are not included in these financial statements.

E. Workers' Compensation Self-Insurance Plan

The City has established a Workers' Compensation Self-Insurance Plan, accounted for within the various operating funds. The plan is administered by Cambridge Integrated Services Group, Inc. Funds are wire transferred to Cambridge as needed to pay claims.

At June 30, 2015 the City has an accumulated liability in the amount of \$57 million covering estimates for approved but unpaid claims and incurred but not reported claims (calculated on an actuarial basis) recorded in the government-wide Statement of Net Position and Enterprise Funds. The amount of liability is based on an actuarial study.

Schedule of Changes in Liability		
(in thousands)		
	June 30, 2015	June 30, 2014
Beginning actuarial estimate of claims liability, July 1	\$ 61,810	\$ 63,055
Incurred claims for fiscal year	9,231	9,433
Payments on claims	(16,512)	(19,279)
Actuarial adjustment	2,403	8,601
Ending actuarial estimate of claims liability, June 30	\$ 56,932	\$ 61,810

CITY OF HOUSTON, TEXAS
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NOTE 12: INTERFUND TRANSACTIONS

A. Transfers

Transfers during the year ended June 30, 2015 were as follows (in thousands):

Transferred from:	Transferred to:					Total Transfers Out
	General Fund	Nonmajor Governmental Funds	Debt Service	Capital Projects	Combined Utility System	
General Fund	\$ -	\$ 59,785	\$ 291,346	\$ -	\$ -	\$ 351,131
Grants Fund	-	-	-	-	70	70
Nonmajor Funds	23,880	400	11,023	149,598	-	184,901
Capital Projects	-	-	2,000	-	-	2,000
Convention and Entertainment	1,380	-	-	-	-	1,380
Combined Utility System	35,755	-	12,040	-	-	47,795
Total transfers in	<u>\$ 61,015</u>	<u>\$ 60,185</u>	<u>\$ 316,409</u>	<u>\$ 149,598</u>	<u>\$ 70</u>	<u>\$ 587,277</u>

Transfers are used to (1) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (3) use unrestricted revenues in the Combined Utility System and non-major revenue fund to finance general fund programs.

B. Transfers to Component Units

Transfers to Houston First from the Convention and Entertainment Facilities during the year ended June 30, 2015 totaled \$80,059,547. Transfers from Houston First to the General Fund during the year ended June 30, 2015 totaled \$19,225,413. The amounts are reported as expenses and revenues within the Convention and Entertainment Facilities Fund.

C. Interfund Charges

The General Fund charges the Airport System, Convention and Entertainment Facilities, Combined Utility System, Capital Project, Sign Administration, Auto Dealer's and Cable Television Funds for services provided by the General Fund on behalf of these funds. Such charges totaled \$73,551,000 for the year ended June 30, 2015, and are recorded as revenue in the General Fund and as expense, expenditure or capital assets in the funds assessed.

Included in the Fiscal Year 2015 total are charges to the funds for direct and indirect expenses as shown below (in thousands):

	Airport System	Combined Utility Sytem	Other Funds	Total
General Services	\$ 2,838	\$ 9,776	\$ 12,714	\$ 25,328
Fire Services	17,919	-	-	17,919
Police Services	24,848	-	-	24,848
Legal	-	1,112	-	1,112
Other	330	3,611	403	4,344
Total	<u>\$ 45,935</u>	<u>\$ 14,499</u>	<u>\$ 13,117</u>	<u>\$ 73,551</u>

CITY OF HOUSTON, TEXAS
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D. Schedule of Amounts Due To and Due From Other Funds

The interfund balances are primarily due to charges for services between funds during the fiscal year and settled shortly after year-end. The composition of interfund balances as of June 30, 2015 is as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants revenue	\$ 26,028
	Combined Utility System	3,043
	Nonmajor Governmental Funds	13,258
	Capital Projects Fund	553
	Airport System	126
	Internal Service Fund	32
		<u>\$ 43,040</u>
Grants Revenue	General Fund	\$ 1,361
	Combined Utility System	1,041
	Airport System	235
	Capital Projects Fund	1,890
	Nonmajor Governmental Funds	31
	Internal Service Fund	439
	<u>\$ 4,997</u>	
Capital Projects Fund	General Fund	\$ 218
	Grants revenue	15
	Nonmajor Governmental Funds	16,644
	<u>\$ 16,877</u>	
Airport System	General Fund	\$ 358
	Grants revenue	513
	Internal Service Fund	2
		<u>\$ 873</u>
Convention and Entertainment Facilities	Grants revenue	\$ 112
		<u>\$ 112</u>
Combined Utility System	Grants revenue	\$ 7,782
	Nonmajor Governmental Funds	1,373
	General Fund	686
	Internal Service Fund	3
	<u>\$ 9,844</u>	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 22
	General Fund	2,912
	Combined Utility System	67
	Grants revenue	24
	Capital Projects Fund	4
	<u>\$ 3,029</u>	
Debt Service Fund	General Fund	\$ 2,449
	Capital Projects Fund	2,000
		<u>\$ 4,449</u>
Agency Fund	General Fund	\$ 5,292
		<u>\$ 5,292</u>

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NOTE 13: COMMITMENTS AND CONTINGENCIES

A. Litigation and Claims

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. That litigation includes lawsuits and claims alleging that the City caused personal injuries and wrongful deaths; class actions and other lawsuits and claims alleging discriminatory hiring and promotional practices and certain civil rights violations arising under the Federal Voting Rights Act; various claims from contractors for additional amounts under construction contracts; and claims involving property tax assessments and various other liability claims. Alleged damages in the lawsuits are approximately \$29.3 million. The status of such litigation ranges from an early discovery stage to various levels of appeal of judgments both for and against the City. The amount of damages is limited in certain cases under the Texas Tort Claims Act and is subject to appeal. The City intends to defend itself vigorously against the suits. There is other threatened litigation for which an amount cannot be determined. The City typically utilizes the General Fund to liquidate claims and judgments. In the Statement of Net Position, the City has recognized a liability of \$19.4 million for potential litigation losses arising from various lawsuits.

In 2004, Houston voters approved two ballot propositions limiting City revenue growth. Proposition 1 generally limits annual growth in property tax revenues to the lesser of the actual revenues in the preceding fiscal year, plus 4.5 percent, or the revenues received in the previous fiscal year, plus the cumulative combined rates of inflation and the City's population growth. With the exception of grant monies, revenue received from other governmental entities and interfund transfers, Proposition 2 caps growth in all City revenues, including the General Fund, Special Revenue Funds and Enterprise Funds (combined revenues). Proposition 2 would require a 60 percent vote at a regular election before the City could increase combined revenues over the combined revenues for the preceding fiscal year as adjusted for rates of change in the consumer price index and population growth. Any combined revenues collected by the City in excess of the Proposition 2 restriction would be placed in a taxpayer relief fund. Although both propositions received a majority of votes in the 2004 election, the City declared that Proposition 2 was not effective because Proposition 1 received the higher number of favorable votes.

Supporters of Proposition 2 filed a lawsuit to declare Proposition 2 effective. The Texas Supreme Court vacated a judgment of the trial court in favor of the Proposition 2 supporters, and without reference to the merits dismissed the case for want of jurisdiction. The supporters refiled their lawsuit in the State District Court in April 2014.

In 2007, Houston voters approved several ballot propositions including Proposition G, which eliminated some of the most serious concerns created by the potential application of Proposition 2 by revising how the City's revenues limited by the Charter would be calculated (including the removal of the revenues of the City's Enterprise Funds from the revenues limited by the City Charter), and Proposition H, which allowed the City to raise revenues for police, fire, and emergency services in excess of the revenues allowed under any revenue limitations contained in the City Charter. A supporter of Proposition 2 filed a suit in State District court seeking to invalidate Propositions G and H. The court dismissed the lawsuit, but the Court of Appeals reversed and remanded to the State District Court, in order to give the plaintiff an opportunity to amend his pleadings to establish standing. The Texas Supreme Court denied the City's petition for review of the Court of Appeals ruling, and the case was remanded to the State District Court where a judgment of nonsuit was entered against the Plaintiff in May 2014. Therefore, there is no active litigation related to Proposition G or H.

The City is currently in an agreed order (the "Agreed Order") with the TCEQ, which started in Fiscal Year 2005 and will end in 2016. The City committed within the Agreed Order to rehabilitate or replace 600,000 linear feet ("LF") of sanitary sewer lines and clean another 2 million LF of sewer lines annually in order to reduce sanitary sewer overflows ("SSO"). The repairs and replacements are included in the CUS Capital Improvement Program. As of the date of these financial statements, the City is in compliance with the Agreed Order and has made significant improvements in reducing SSO. If the City were to fail to comply with the Agreed Order, both the TCEQ and the EPA could impose fines and penalties, which could be significant. In 2014, the City commenced negotiations with the EPA and the Department of Justice for specific remedial measures that the EPA would like the City to implement to its wastewater treatment and collection system to further reduce sanitary sewer overflows (SSOs) and wastewater treatment plant permit exceedances. Pending the outcome of such negotiations with the EPA, the City cannot accurately predict the amount of increase to the costs of operations and maintenance or capital improvements for the wastewater treatment and collection system that may be required by EPA to further reduce SSOs and wastewater treatment plant exceedances. In FY16, the City began performing additional maintenance and assessment to address the primary drivers of SSOs and prepare for the potential conclusion of ongoing negotiations with the EPA. The City's FY16 budget included an additional \$38 million for additional maintenance and assessment activities such as enhanced sewer cleaning, restaurant inspections, system inspections and investigations, SSO response, and public outreach and education.

In 2010, voters approved a proposition ("Proposition 1 (2010)") to amend the City Charter to provide for the improvement of the City's drainage and street system by imposing an assessment upon property owners that receive drainage services ("Drainage Utility Fee"). In December 2010, a lawsuit was filed in State district court seeking to have Proposition 1 (2010) declared unlawful. On May 24, 2011, the district court granted a motion for summary judgement in favor of the City, thereby disposing of all the plaintiffs' claims. On appeal, the Fourteenth Court of Appeals affirmed the district court's summary judgement decision. The Texas Supreme Court granted the plaintiffs' motion for review, and on June 12, 2015, reversed the judgement of the court of appeals, finding in favor of the plaintiffs and holding that the ballot language for Proposition 1 (2010) did not adequately describe the chief features of the charter amendment authorizing the Drainage Utility Fee. The case has been remanded to the trial court for further proceedings, but no trial date has been set. A motion by the plaintiffs for summary judgement is pending.

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An additional lawsuit has been filed against the City seeking to reimburse residents who have paid the Drainage Utility Fee in prior years. The lawsuit purportedly seeks to certify such residents as a class.

B. Environmental Liabilities

The City is aware of various sites contaminated by asbestos or other hazardous materials. The City has recorded accrued liabilities of \$9.8 million, to be used for: assessment and remediation of asbestos, lead and mold; Phase I and II environmental site assessments and remediation; and remediation of radioactive material.

C. Commitments for Capital Facilities

At June 30, 2015, the City had appropriated but not yet spent from Capital Projects and Enterprise Funds approximately \$1,400,899,000 for capital projects.

The City leased a tract of land to the Houston Music Hall Foundation for 30 years with a 30-year renewal option. On this site, the Houston Music Hall Foundation constructed the facility named the Hobby Center for the Performing Arts, which was donated to the City.

Upon commencement of the lease, the City is obligated to pay from parking revenues \$1.1 million per year for 30 years. The City's annual obligation is secured by a pledge of the parking revenues from the Theater District and Tranquility Park Parking Garages equal to \$1.2 million per year for 30 years.

This lease and the corresponding obligation has been assigned to Houston First Corporation.

D. Risk Management

The City purchases fidelity coverage to comply with City ordinance, boiler and machinery insurance with a per occurrence loss limit of \$100 million and commercial property insurance with a per occurrence loss limit of \$175 million. The commercial property insurance sublimit for flood is \$75 million, of which \$50 million may apply to locations within the City in the 100-year flood plain (Flood Zone A). Property insurance provides deductibles as follows: \$2.5 million per occurrence for all perils except; 3% of the damaged insured value for windstorm or hail from a named storm, subject to a \$2.5 million minimum and a \$20 million maximum deductible; and 5% of the damaged insured value for flood, subject to a \$5 million minimum and a \$20 million maximum deductible. Should a named storm event occur that involves both perils of windstorm and flood, the maximum deductible is \$20 million.

Self-insured claims are reported as liabilities in the accompanying financial statements when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. This determination is based on reported pending claims, estimates of claims incurred but not yet reported, actuarial reports and historical analysis. All claims are accounted for in the Government-wide Statement of Net Position.

Claims that are expected to be paid with expendable, available financial resources are accounted for in the General Fund and the appropriate Enterprise Funds.

The City, effective May 1, 2013, elected to discontinue stop-loss insurance and to self-insure for adverse loss experience.

For unemployment claims, the City pays claims as they are settled. Unemployment claim activity is as follows:

	Unemployment Claim Activity	
	June 30, 2015	June 30, 2014
Unpaid claims, beginning of fiscal year	\$176,350	\$138,598
Incurred claims (including IBNRs)	633,681	700,360
Claim payments	(672,289)	(662,608)
Unpaid claims, end of fiscal year	<u>\$137,742</u>	<u>\$176,350</u>

E. Purchase Commitments for Electricity

At June 30, 2015 the City had entered into agreements to lock rates for part of the natural gas component of its expected electricity use from July 1, 2015 through June 30, 2016. The total committed price is approximately \$100 million for expected usage. The City may pay a different amount if actual electricity usage varies. This amount will be appropriated in future annual budgets.

F. Purchase Commitment - Luce Bayou Inter-Basin Transfer Project

On January 29, 2009 City Council approved a contract establishing the terms for cooperation between Coastal Water Authority (CWA) and Houston for planning, design, permitting, property acquisition, construction and financing of the Luce Bayou Inter-Basin Transfer

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project. The project will include a pump station, pipeline and canal system that will transport up to 450 MGD of untreated water from the Trinity River to Lake Houston. To date CWA has attained two Texas Water Development Board (TWDB) Water Infrastructure Loans totaling \$33,115,000 for permitting and planning and one TWDB state participation loan of \$28,754,000 for pump station design. The Houston Combined Utility System pleaded payments from the Combined Utility System's general purpose fund. After loans are repaid and contract obligations are fulfilled, upon request of the City, CWA will assign to the City all the CWA's rights, titles, and interest in the project property.

G. Federal and State

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, could be a liability of the City.

NOTE 14: RELATED ORGANIZATION TRANSACTIONS

A. Metropolitan Transit Authority (Metro)

The City and Metro have an inter-local agreement covering shared costs of street maintenance/construction and traffic control during the fiscal year ended June 30, 2015. The City received \$121.414 million from Metro under this contract in the fiscal year ended June 30, 2015. The breakout was \$64.334 million to Capital Projects and \$57.080 million to Special Revenues. None of these payments were for the prior contract year. In addition, the City paid Metro \$10.000 million for transportation services.

B. Trinity River Authority (TRA)

As described in Note 8C, the City and TRA have a long-term contract under which the City is obligated to pay debt service for certain bonds as well as certain maintenance and operating expenses for a TRA dam and reservoir. During the fiscal year ended June 30, 2008, all outstanding long term debt had been paid off. During fiscal year ended June 30, 2015 the City paid \$3.2 million for maintenance and operating expenses under the terms of the contract.

C. Coastal Water Authority (CWA)

The City has a long-term contract with Coastal Water Authority (CWA) for water conveyance. During the fiscal year ended June 2015, the City paid CWA \$17.9 million for debt service and \$21.8 million for maintenance and operating expenses.

D. Component Units

As described in note 16, the City has a number of component units, most of which have fiscal years ended June 30, 2015. Five discretely presented component units: Greater Houston Convention and Visitors Bureau, Houston First Corporation, Houston Housing Finance Corporation, Houston Zoo, Inc., Miller Theatre Advisory Board, Inc., Stadium Park Redevelopment Authority and Theater District Improvement, Inc. have fiscal years ended December 31, 2014. Subsequent to December 31, 2014, the City received interest payments of \$4,658 thousand from Houston First Corporation. During the fiscal year ended June 30, 2015, four new component units were added: Houston Civic Events, Inc., Houston Museum District Association, Stadium Park Redevelopment Authority and Theater District Improvement, Inc.

NOTE 15: CONDUIT DEBT OBLIGATIONS

The City has authorized various issues of Special Facilities Bonds to enable United Airlines, Inc. (successor to Continental Airlines, Inc.) a private company, to construct facilities at Intercontinental that were deemed to be in the public interest (Special Facilities). These bonds are limited special obligations of the City, payable solely from and secured by a pledge of revenues generated from lease agreements with United Airlines. Collected pledged revenues are remitted directly to a trustee by United Airlines. Under the terms of the related lease agreements, United Airlines operates, maintains, and insures the terminal, and manages and retains revenues from all concessions operated in the Terminal B and E Special Facilities. The City operates, maintains, insures, and manages and retains revenues from all concessions operated in all other terminal facilities.

The City holds legal title to the completed facilities, as they are constructed on airport property, but the constructed facilities are operated and controlled by private companies through long-term leases, and the Fund will enjoy no direct financial benefit from these facilities for the term of the lease agreements. Accordingly, the Airport System Fund accounts for the United Airlines' Special Facilities Bonds shown in the following table as conduit debt, and neither the debt nor the related assets have been recorded in the accompanying financial statements.

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Conduit debt outstanding at June 30, 2015 (in thousands):

	June 30, 2015
Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT), \$113,305,000 original principal, matures in 2038	\$ 113,305
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal E Project), Series 2014 (AMT), \$308,660,000 original principal, matures in 2029	308,660
Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT), \$176,650,000 original principal, matures in 2035	176,650
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT), \$47,390,000 original principal, matures in 2020	47,390
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C (AMT), \$65,785,000 original principal, matures in 2020	65,785
Total conduit debt outstanding	\$ 711,790

On March 16, 2015, the City issued \$176,650,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT) on behalf of United Airlines, to finance the construction of a new North Concourse building at Terminal B with jet bridge loading, and to make improvements to related facilities. The bonds were issued with a coupon rate of 5.00%, and a yield of 4.75%, to mature in varying amounts from 2026 to 2035.

The Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc., Terminal Improvement Projects) Series 1997B and 1998B financed various leasehold improvements for United Airlines in Terminals B, C and D. On March 16, 2015, the City issued \$47,390,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT) on behalf of United Airlines, with a 5.00% coupon rate, to mature on July 15, 2020. Proceeds of the bonds were used to refund the outstanding Airport System Special Facilities Revenue Bonds, Series 1997B and 1998B and to pay costs of issuance. Net present value savings for United Airlines related to the refunded bonds totaled \$12,049,244 or 18.36% of the refunded bonds and reduced total debt service by \$45,281,400.

The Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc., Airport Improvement Projects) Series 1997C and 1998C, financed the construction of an aircraft hangar, maintenance and parts storage facility, mail sort facility, flight simulator, and inflight training facility. On March 26, 2015, the City issued \$65,785,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C, on behalf of United Airlines, with a coupon rate of 5.00%, to mature on July 15, 2020. Proceeds of the bonds were used to refund the outstanding Airport System Special Facilities Revenue Bonds, Series 1997C and 1998C, and to pay costs of issuance. Net present value savings for United Airlines related to the refunded bonds totaled \$14,553,627 or 20.95% of the refunded bonds and reduced total debt service by \$40,135,502.

The Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc. Terminal E Project), Series 2001, financed the construction of international Terminal E and related airport facilities for the exclusive use of United Airlines (Terminal E Special Facilities). On May 8, 2014, the City issued \$308,660,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal E Project) Series 2014 on behalf of United Airlines, at coupon rates ranging from 4.50% to 5.00%. The bonds mature in varying amounts from 2020 to 2029. Proceeds of the bonds were used to refund a portion of the City's outstanding Airport System Special Facilities

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Revenue Bonds (Continental Airlines, Inc. Terminal E project) Series 2001 and to pay costs of issuance. Net present value savings for United Airlines related to the refunded bonds totaled \$40,519,909 or 13.31% of the refunded bonds and reduced total debt service by \$58,675,823.

The Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT) financed the replacement of two flight stations at Terminal B with a new South Concourse building to serve United Airlines' regional jet operations (Terminal B Special Facilities). The Terminal B Special Facilities went into service in March, 2014.

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 16: MAJOR DISCRETELY PRESENTED COMPONENT UNITS

The following discretely presented component units represent major component units. For reporting purposes, the City considers a component unit to be major if assets, liabilities, revenues or expenses exceed 10% of that component unit's class and exceed 5% of all component units combined.

Net Position
Major Component Units - Discretely Presented Governmental
June 30, 2015
(in thousands)

	Houston Forensic Science LGC	Main Street Market Square	Midtown Redevelopment Authority
Cash, receivable and other current assets	\$ 3,863	\$ 69,224	\$ 88,149
Noncurrent assets	-	-	-
Capital assets, net of accumulated depreciation	2,451	-	22,052
Total assets	<u>6,314</u>	<u>69,224</u>	<u>110,201</u>
Current liabilities	1,192	4,268	11,763
Long-term liabilities	-	61,736	72,867
Total liabilities	<u>1,192</u>	<u>66,004</u>	<u>84,630</u>
Net position			
Net investment in capital assets	2,451	-	9,044
Restricted	-	8,245	61,265
Unrestricted (deficit)	2,671	(5,025)	(44,738)
Total net position (deficit)	<u>\$ 5,122</u>	<u>\$ 3,220</u>	<u>\$ 25,571</u>

(Continued)

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

OST Alameda Corridors Redevelopment Authority	Uptown Development Authority	Nonmajor Component Units	Total Component Units
\$ 23,489	\$ 86,053	\$ 221,911	\$ 492,689
892	283	20,461	21,636
3,154	11,816	128,559	168,032
<u>27,535</u>	<u>98,152</u>	<u>370,931</u>	<u>682,357</u>
1,018	21,704	45,094	85,039
<u>24,506</u>	<u>105,325</u>	<u>179,728</u>	<u>444,162</u>
<u>25,524</u>	<u>127,029</u>	<u>224,822</u>	<u>529,201</u>
3,154	11,817	118,747	145,213
21,621	70,159	91,492	252,782
(22,764)	(110,853)	(64,130)	(244,839)
<u>\$ 2,011</u>	<u>\$ (28,877)</u>	<u>\$ 146,109</u>	<u>\$ 153,156</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Change in Net Position
Major Component Units - Discretely Presented Governmental
For the Year Ended June 30, 2015
(in thousands)

Component Units	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Houston Forensic Science LGC
Houston Forensic Science LGC	20,333	22,958	-	-	2,625
Main Street Market Square Redevelopment Author:	13,177	14,704	-	-	-
Midtown Redevelopment Authority	11,916	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	26,500	-	709	-	-
Uptown Redevelopment Authority	37,936	-	-	-	-
Nonmajor Component Units	100,372	17,081	26,999	8,244	-
Total component units	\$ 210,234	\$ 54,743	\$ 27,708	\$ 8,244	\$ 2,625
General Revenues:					
Taxes					
Property taxes levied for general purposes				\$	-
Property Taxes levied for debt service					-
Industrial assessments tax					-
Sales tax					-
Franchise tax					-
Mixed beverage tax					-
Bingo tax					-
Hotel occupancy tax					-
Intergovernmental - grants					-
Contributions					-
Intergovernmental - grants					-
Contributions					-
Unrestricted investment earnings					-
Other					-
Special Items					-
Transfers					-
Loss on sales of assets					-
Transfers					-
Total general revenues and transfers					-
Change in net position					2,625
Net position beginning					-
Change in accounting principle					-
Change in Accountint Entity					-
Net position ending					\$ 2,625

(Continued)

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Net (Expense) Revenue and Change in Net Position

Main Street Market Square Red. Authority	Midtown Redevelopment Authority	OST/Alameda Corridors Redev Authority	Uptown Redevelopment Authority	Non-Major Component Units	Total Component Units
-	-	-	-	-	2,625
1,527	-	-	-	-	1,527
-	(11,916)	-	-	-	(11,916)
-	-	(25,791)	-	-	(25,791)
-	-	-	(37,936)	-	(37,936)
-	-	-	-	(48,048)	(48,049)
<u>\$ 1,527</u>	<u>\$ (11,916)</u>	<u>\$ (25,791)</u>	<u>\$ (37,936)</u>	<u>\$ (48,048)</u>	<u>\$ (119,539)</u>
\$ -	\$ 21,283	\$ 9,228	\$ 39,843	\$ 69,684	\$ 140,038
-	-	-	-	-	-
-	-	-	-	644	644
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	20	20
-	-	-	-	-	-
-	-	-	-	-	-
-	-	11	94	1,279	1,384
-	1,026	2	-	529	1,557
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>22,309</u>	<u>9,241</u>	<u>39,937</u>	<u>72,156</u>	<u>143,643</u>
1,527	10,393	(16,550)	2,001	24,108	24,104
-	-	-	-	179,976	179,976
-	-	-	-	-	-
-	-	-	-	(50,924)	(50,924)
<u>\$ 1,527</u>	<u>\$ 10,393</u>	<u>\$ (16,550)</u>	<u>\$ 2,001</u>	<u>\$ 153,160</u>	<u>\$ 153,156</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Net Position
Major Component Units - Discretely Presented Business-type
June 30, 2015
(in thousands)

	Houston First Corporation	Houston Zoo Inc.	Nonmajor Component Units	Total
Cash, receivable and other current assets	\$ 261,280	\$ 37,888	\$ 30,666	\$ 329,834
Noncurrent assets	69,948	7,443	23,066	100,457
Capital assets, net of accumulated depreciation	238,844	92,861	1,884	333,589
Total assets	<u>570,072</u>	<u>138,192</u>	<u>55,616</u>	<u>763,880</u>
Deferred outflow of Resources	394	-	-	394
Current liabilities	43,898	6,879	1,938	52,715
Long-term liabilities	391,126	-	2,312	393,438
Total liabilities	<u>435,024</u>	<u>6,879</u>	<u>4,250</u>	<u>446,153</u>
Net position				
Net investment in capital assets	3,001	-	1,492	4,493
Restricted	9,296	37,839	-	47,135
Unrestricted	123,145	93,474	49,874	266,493
Total net position	<u>\$ 135,442</u>	<u>\$ 131,313</u>	<u>\$ 51,366</u>	<u>\$ 318,121</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

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CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Change in Net Position
Major Component Units - Discretely Presented Business-type
For the Year Ended June 30, 2015
(in thousands)

Component Units	Expenses	Charges for Services	Operating Grants and Contributions
Houston First Corporation	\$ 165,762	\$ 117,435	\$ 79,696
Houston Zoo Inc.	38,840	32,429	17,661
Nonmajor Component Units	1,914	491	101
Totals	<u>\$ 206,516</u>	<u>\$ 150,355</u>	<u>\$ 97,458</u>

General Revenues:

Taxes

Property Taxes levied for general purposes

Unrestricted investment earnings

Other

Transfers

Total general revenues and transfers

Change in net position

Net position beginning

New Component Unit & Restatement

Net position ending

Continued

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

Net (Expense) Revenue and Change in Net Position

Houston First Corporation	Houston Zoo Inc.	Non-Major Component Units	Total
\$ 31,369	\$ -	\$ -	\$ 31,369
-	11,250	-	11,250
-	-	(1,323)	(1,323)
<u>\$ 31,369</u>	<u>\$ 11,250</u>	<u>\$ (1,323)</u>	<u>\$ 41,296</u>
\$ -	\$ -	\$ 750	\$ 750
851	581	1,496	2,928
5,348	576	495	6,419
-	-	-	-
<u>6,199</u>	<u>1,157</u>	<u>2,741</u>	<u>10,097</u>
37,568	12,407	1,418	51,393
97,874	118,906	49,948	266,728
-	-	-	-
<u>\$ 135,442</u>	<u>\$ 131,313</u>	<u>\$ 51,366</u>	<u>\$ 318,121</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 17: SUBSEQUENT EVENTS

A. Tax and Revenue Anticipation Notes

On July 2, 2015, the City closed the sale of \$210,000,000 Tax and Revenue Anticipation Notes (TRANS), Series 2015. The proceeds of the TRANS will be used to pay working capital expenditures until tax revenues are received in early 2015. The stated interest rate was 1.72% and the weighted average yield was .29%. The notes will mature on June 30, 2016.

B. Combined Utility System First Lien Revenue Refunding Bonds, Series 2015D and 2007A exchange

On July 9, 2015, the City issued \$62,650,000 in Combined Utility System First Lien Revenue Refunding Bonds, Series 2015D with coupons at 5.00%. The true interest cost was 3.68%. The bonds mature in varying amounts from 2025 to 2035. Proceeds of Series 2015D will be used, together with other available funds for refunding a portion of the City's outstanding Combined Utility System First Lien Revenue Bonds and to pay costs of issuance. Net present value savings related to the refunded bonds totaled \$5,552,973 or 8.18% of the refunded bonds and reduced total debt service by \$9,210,500.

In conjunction with the issuance of the 2015D Refunding Bonds, the City also issued \$56,135,000 in Combined Utility System First Lien Revenue Series 2007A Exchanged Bonds with coupons at 5.00%. The bonds mature in varying amounts from 2034 to 2036. Proceeds of Series 2007A Exchanged Bonds will be used, together with other available funds for refunding a portion of the City's outstanding Combined Utility System First Lien Revenue Bonds Series 2007A and to pay costs of issuance. Net present value savings related to the refunded bonds totaled \$4,569,276 or 7.62% of the refunded bonds and reduced total debt service by \$8,254,138.

C. Moody's Rating Upgrade

On August 5, 2015, Moody's upgraded its rating of the Airport System's Subordinate Lien Revenue Bonds to A1 from A2 and affirmed its Senior Lien Revenue Bonds and Inferior Lien Bonds ratings of Aa3 and A2, respectively.

D. Combined Utility System – City of Houston, Texas \$249,075,000 Swap Novation

On September 16th, the City of Houston novated a Swap with Royal Bank of Canada (RBC), as transferor, Wells Fargo, as transferee in the amount of \$249,075,000. There was no change to the terms of the original Swap agreement.

E. Airport System Inferior Lien Revenue Bonds Series 2015

On November 5, 2015, the City executed a forward bond purchase agreement for up to \$450,000,000 in Airport System Inferior Lien Revenue Bonds Series 2015 with the Royal Bank of Canada to improve, enlarge and extend the Houston Airport System. As of the closing date, the initial par amount allocated to the forward purchase agreement was \$225,000,000 of which \$150,000,000 replaces the uncollateralized Series C Airport System Commercial Paper Notes. The par amount will increase to \$450,000,000 on or before May 1, 2016. The agreement carries a maximum term of seven years that expires on November 3, 2022.

Required Supplementary Information - (unaudited)

**CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2015
amounts expressed in thousands
(unaudited)**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
Revenues				
Taxes and assessments				
Property Taxes	\$ 1,067,338	\$ 1,067,338	\$ 1,074,435	\$ 7,097
Industrial Assessments	15,000	15,000	16,736	1,736
Sales Tax	666,968	666,968	667,061	93
Franchise Tax	185,098	185,098	189,836	4,738
Mixed Beverage Tax	13,978	13,978	15,784	1,806
Bingo Tax	190	190	209	19
Total taxes and assessments	<u>1,948,572</u>	<u>1,948,572</u>	<u>1,964,061</u>	<u>15,489</u>
Licenses and permits				
General	27,350	27,350	30,417	3,067
Health Permits	7,154	7,154	7,582	428
Total licenses and permits	<u>34,504</u>	<u>34,504</u>	<u>37,999</u>	<u>3,495</u>
Charges for services				
Ambulance service	37,700	37,700	44,327	6,627
Library fees	10	10	10	-
Parking	240	240	217	(23)
Services performed for other funds				
Direct	48,453	48,129	47,851	(278)
Indirect	23,725	23,725	25,328	1,603
Rents and royalties	1,682	1,682	1,673	(9)
Others	14,215	13,438	17,045	3,607
Total charges for services	<u>126,025</u>	<u>124,924</u>	<u>136,451</u>	<u>11,527</u>
Intergovernmental - grants	21,619	21,619	24,185	2,566
Fines and forfeits				
Municipal Courts	31,308	31,308	25,447	(5,861)
Others	4,673	4,673	4,732	59
Total fines and forfeits	<u>35,981</u>	<u>35,981</u>	<u>30,179</u>	<u>(5,802)</u>
Interest	2,401	2,401	3,070	669
Other				
Sale of Property	362	362	397	35
Other	8,808	8,808	36,935	28,127
Total Other	<u>9,170</u>	<u>9,170</u>	<u>37,332</u>	<u>28,162</u>
Total revenues	<u>2,178,272</u>	<u>2,177,171</u>	<u>2,233,277</u>	<u>56,106</u>
Other financing sources (uses)				
Transfers in	30,139	30,139	11,248	(18,891)
Sale of capital assets	2,500	2,500	46,652	44,152
Other financing sources (uses)	-	-	-	-
Total other financing sources (uses)	<u>32,639</u>	<u>32,639</u>	<u>57,900</u>	<u>25,261</u>
Total revenues and other financing sources	<u>\$ 2,210,911</u>	<u>\$ 2,209,810</u>	<u>\$ 2,291,177</u>	<u>\$ 81,367</u>

* See note to Required Supplementary Information *

CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2015
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
General government				
Legislative and executive				
Legislative - Council				
Personnel services	6,544	7,825	7,328	497
Other current expenditures	5,414	2,556	1,847	709
Equipment acquisition	-	403	243	160
Total legislative - council	<u>11,958</u>	<u>10,784</u>	<u>9,418</u>	<u>1,366</u>
Legislative - Mayor's Office				
Personnel services	5,403	5,496	5,287	209
Other current expenditures	648	932	673	259
Total executive - mayor's office	<u>6,051</u>	<u>6,428</u>	<u>5,960</u>	<u>468</u>
Total legislative and executive	<u>18,009</u>	<u>17,212</u>	<u>15,378</u>	<u>1,834</u>
Office of Business Opportunity				
Personnel services	2,499	2,514	2,388	126
Other current expenditures	371	381	355	26
Equipment acquisition	-	-	-	-
Total office of business opportunity	<u>2,870</u>	<u>2,895</u>	<u>2,743</u>	<u>152</u>
Municipal Courts Administration				
Municipal Courts				
Personnel services	22,507	22,360	22,132	228
Other current expenditures	5,413	5,413	4,581	832
Equipment acquisition	26	26	7	19
Total municipal courts	<u>27,946</u>	<u>27,799</u>	<u>26,720</u>	<u>1,079</u>
Elections	-	-	11	(11)
Finance administration				
Controller				
Personnel services	7,217	7,173	7,095	78
Other current expenditures	1,417	1,417	1,040	377
Equipment acquisition	-	-	-	-
Total controller	<u>8,634</u>	<u>8,590</u>	<u>8,135</u>	<u>455</u>
Finance				
Personnel services	13,187	13,051	12,739	312
Other current expenditures	6,212	6,753	5,619	1,134
Equipment acquisition	-	-	-	-
Total finance	<u>19,399</u>	<u>19,804</u>	<u>18,358</u>	<u>1,446</u>
Administrative and Regulatory Affairs				
Personnel services	15,451	15,454	14,938	516
Other current expenditures	4,047	4,408	3,859	549
Equipment acquisition	-	151	3	148
Total administrative and regulatory affairs	<u>19,498</u>	<u>20,013</u>	<u>18,800</u>	<u>1,213</u>
Information Technology				
Personnel services	18,356	18,881	17,548	1,333
Other current expenditures	5,684	5,656	4,988	668
Equipment acquisition	-	28	18	10
Total information technology	<u>24,040</u>	<u>24,565</u>	<u>22,554</u>	<u>2,011</u>
Bond and Legal	1,585	1,585	1,641	(56)
Total finance administration	<u>73,156</u>	<u>74,557</u>	<u>69,488</u>	<u>5,069</u>

* See note to required Supplementary Information *

CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2015
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
Legal				
Personnel services	15,246	15,193	14,070	1,123
Other current expenditures	1,246	1,079	968	111
Equipment acquisition	-	46	34	12
Total legal	16,492	16,318	15,072	1,246
City Secretary				
Personnel services	737	725	696	29
Other current expenditures	168	168	109	59
Total city secretary	905	893	805	88
Planning and Development				
Personnel services	7,338	7,007	6,588	419
Other current expenditures	1,100	1,455	1,120	335
Total planning and development	8,438	8,462	7,708	754
Human Resources				
Personnel services	3,089	2,999	2,831	168
Other current expenditures	504	573	444	129
Equipment acquisition	7	18	10	8
Total human resources	3,600	3,590	3,285	305
Total general government	151,416	151,726	141,210	10,516
Public safety				
Police				
Personnel services	706,483	697,356	693,255	4,101
Other current expenditures	51,621	50,211	71,165	(20,954)
Equipment acquisition	300	453	293	160
Total police	758,404	748,020	764,713	(16,693)
Fire				
Personnel services	460,961	458,677	453,554	5,123
Other current expenditures	45,782	46,678	40,575	6,103
Equipment acquisition	-	10	11	(1)
Total fire	506,743	505,365	494,140	11,225
Total public safety	1,265,147	1,253,385	1,258,853	(5,468)
Public Works				
Administration				
Personnel services	1,425	1,379	1,350	29
Other current expenditures	31,169	31,021	29,386	1,635
Total administration	32,594	32,400	30,736	1,664
General Services				
Personnel services	10,743	10,839	10,619	220
Other current expenditures	26,752	26,917	27,425	(508)
Equipment acquisition	-	220	144	76
Total general services	37,495	37,976	38,188	(212)

* See note to required Supplementary Information *

CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2015
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
Solid Waste				
Personnel services	30,680	30,922	31,149	(227)
Other current expenditures	41,034	41,883	40,181	1,702
Equipment acquisition	-	260	249	11
Total solid waste	71,714	73,065	71,579	1,486
Total public works	141,803	143,441	140,503	2,938
Department of Neighborhoods				
Personnel services	8,506	8,364	8,166	198
Other current expenditures	3,650	3,853	3,851	2
Equipment acquisition	4	4	1	3
Total department of neighborhoods	12,160	12,221	12,018	203
Health				
Personnel services	38,242	38,234	37,779	455
Other current expenditures	18,618	21,663	21,560	103
Equipment acquisition	151	234	210	24
Total health	57,011	60,131	59,549	582
Housing				
Personnel services	288	284	293	(9)
Other current expenditures	379	379	376	3
Total housing	667	663	669	(6)
Parks and Recreation				
Personnel services	40,465	39,493	38,267	1,226
Other current expenditures	28,830	29,934	29,279	655
Equipment acquisition	-	13	10	3
Total parks and recreation	69,295	69,440	67,556	1,884
Library				
Personnel services	29,178	29,034	28,183	851
Other current expenditures	4,871	4,841	4,562	279
Equipment acquisition	5,086	5,209	5,212	(3)
Total library	39,135	39,084	37,957	1,127
Retiree Benefits				
Hospital and life insurance	14,134	13,675	11,059	2,616
Total retiree benefits	14,134	13,675	11,059	2,616
Other current expenditures				
Tax appraisal fees	8,100	8,100	8,799	(699)
Limited-purpose Annexation Districts	48,474	51,974	50,480	1,494
Contingency	5,219	5,266	-	5,266
Claims and judgments	13,277	13,277	18,066	(4,789)
Membership dues	1,685	1,685	1,070	615
Advertising and promotion	500	500	116	384
Consultants	640	640	2,221	(1,581)
Miscellaneous support services	46,187	45,037	40,948	4,089
Total other current expenditures	124,082	126,479	121,700	4,779
Debt service				
Debt service principal	-	-	11,000	(11,000)
Debt service interest	4,928	4,928	3,123	1,805
Total debt service	4,928	4,928	14,123	(9,195)
Total expenditures	1,879,778	1,875,173	1,865,197	9,976
Other financing sources (uses)				
Transfers out	379,591	383,097	360,602	22,495
Total other financing sources (uses)	379,591	383,097	360,602	22,495
Total expenditures and other financing uses	\$ 2,259,369	\$ 2,258,270	\$ 2,225,799	\$ 32,471

* See note to required Supplementary Information *

CITY OF HOUSTON, TEXAS
REQUIRED RECONCILIATION FOR GENERAL FUND
BUDGET vs. GAAP PRESENTATION
For the Year Ended June 30, 2015
amounts expressed in thousands
(unaudited)

Revenues

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,233,277
Revenues of non-budgeted funds	
Equipment Acquisition	1,681
Building Security	679
Grant Matching Fund	137
Storm Water	38
Bureau of Animal Regulation and Care	1,896
Fleet Maintenance	25
Forensic Transition	10,703
Civic Events	280
Total revenues of non-budgeted funds	<u>15,439</u>
Interest on pooled investments from non-budgeted revenues	282
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances	<u><u>\$ 2,248,998</u></u>

Expenditures

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$ 1,868,302
Expenditures of non-budgeted funds	
Equipment Acquisition	64,553
Building Security	754
Grant Matching Fund	327
Storm Water	35,217
Bureau of Animal Regulation and Care	9,975
Forensic Transition	10,703
Civic Events	2,154
Renewal and Replacement	13,603
Total expenditures of non-budgeted funds	<u>137,286</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	<u><u>\$ 2,005,588</u></u>

Other financing sources (uses)

Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	\$ (302,702)
Proceeds from Issuance of Debt	88,000
Sale of Assets	668
Transfers of Non Budgeted Funds	59,238
Total other financing sources and uses as reported on the statement of revenues, expenditures, and changes in fund balances-governmental funds	<u><u>\$ (154,796)</u></u>

See note to Required Supplementary Information

CITY OF HOUSTON, TEXAS
REQUIRED NOTES TO THE SUPPLEMENTARY INFORMATION
June 30, 2015
(Unaudited)

1. General Budget Policies

During January of each year, the Mayor, with City Council input, establishes budget guidelines. All departments of the City submit requests for appropriations to the Mayor and the City's Department of Finance so that a budget may be prepared. Typically during June, the City Controller certifies that funds are available for a continuing appropriation and the budget is proposed to City Council. City Council holds public hearings and a final budget is normally adopted by June 30th. A final appropriation ordinance is adopted later in the fiscal year and may include budget revisions or amendments.

The legal level of budgetary control is the departmental level within each fund, even though the budget is prepared by fund, department, and expenditure category. The Mayor is authorized to transfer unlimited budgeted amounts within departments and amounts between departments, provided such transfers do not exceed 5% of an expenditure category. Expenditure categories are personnel services, other current expenditures and capital outlay. Appropriations related to funds with annual budgets lapse at year-end except for Capital Outlay appropriations, which cover multiple years.

On May 12, 2015, City Council approved the Fiscal Year 2015 general appropriation ordinance in the amount of \$2.259 billion for the General Fund.

Annual operating budgets are adopted for the General Operating Fund, the Debt Service Fund, the Special Revenue Funds (except for the Grants Revenue Fund, Disaster Recovery, Health Special Fund and the Housing Special Fund) and the Proprietary Funds. The budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budgets for proprietary funds are prepared on the accrual basis, but focus on expenses relating to maintenance and operations, and equipment purchases and, accordingly, exclude depreciation and other allocations related to income determination.

The following provides actual fiscal year 2015 results for both budgeted and non-budgeted Special Revenue Funds (in thousands):

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources (Uses)</u>
Budgeted Special Revenue Funds	\$ 334,282	\$ 228,621	\$ (134,420)
Non-budgeted Disaster Recovery Fund	20	-	-
Non-budgeted Grants Revenue Fund	175,932	190,623	18,930
Non-budgeted Health and Housing	1,493	1,397	-
Non-budgeted Other Funds	15,696	7,900	-
Total Special Revenue Funds - Actual	<u>\$ 527,423</u>	<u>\$ 428,541</u>	<u>\$ (115,490)</u>

2. General Fund Budgetary Highlights

Revenues were \$56 million above budget. This increase was mainly evident in taxes and assessments of \$15.4 million. In addition, increases in licenses and permits (\$3.4 million), charges for services (\$12 million), intergovernmental-grants (\$3 million) and other income of \$28 million, were offset by decreases in fine and forfeits of \$5.8 million.

Significant differences between budgeted and actual taxes and assessments include:

- \$7 million increase in property tax
- \$4.7 million increase in franchise tax
- \$2 million increase in mixed beverage tax
- \$1.7 million increase in industrial assessments

Total expenditures were \$7 million below budget, with a \$11 million decrease in general government, and a \$2 million decrease in other current expenditures.

**CITY OF HOUSTON, TEXAS
REQUIRED PENSION SYSTEM
SUPPLEMENTARY INFORMATION
June 30, 2015
(unaudited)**

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 2 Fiscal Years

(in thousands)

	Fire		Municipal		Police	
	2015	2014	2015	2014	2015	2014
Total Pension Liability						
Service Cost	\$68,145	\$72,333	\$65,810 (1)	\$61,480	\$56,062	\$52,844
Interest	353,405	334,818	361,007	348,419	473,065	466,649
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(28,536)	-	(23,380)	-	26,705	(41,034)
Changes of assumptions	2,801	3,264	-	-	664,974	162,849
Benefit payments including refunds of employee contributions	(196,362)	(187,118)	(234,955)	(221,925)	(225,656)	(211,690)
Refunds	-	-	(1,549)	(1,213)	(945)	(906)
Net change in total pension liability	199,453	223,297	166,933	186,761	994,205	428,712
Total pension liability - beginning	4,255,888	4,032,591	4,597,937	4,179,875	5,998,578	5,569,866
Total pension liability - ending (a)	4,455,341	4,255,888	4,764,870	4,366,636	6,992,783	5,998,578
Plan fiduciary net position						
Contributions-employer	92,610	64,338	145,007	128,274	113,665	103,372
Contributions-employee	25,092	23,994	16,198	16,580	37,719	37,012
Net investment income	51,801	589,518	73,370	352,523	35,339	649,153
Benefit payments, including refunds of employee contributions	(196,362)	(187,118)	(234,955)	(221,925)	(225,656)	(211,690)
Administrative expense	(6,640)	(6,884)	(1,549)	(1,213)	(945)	(906)
Refunds	-	-	(7,007)	(6,415)	(3,478)	(3,439)
Other	(1,676)	(1,459)	1,041	-	-	-
Net change in plan fiduciary net position	(35,175)	482,389	(7,895)	267,824	(43,356)	573,502
Plan fiduciary net position-beginning	3,912,826	3,430,437	2,464,439	2,196,615	4,347,877	3,774,375
Plan fiduciary net position-ending (b)	3,877,651	3,912,826	2,456,544	2,464,439	4,304,521	4,347,877
City's net pension liability-ending (a)-(b)	\$577,690	\$343,062	\$2,308,326	\$1,902,197	\$2,688,262	\$1,650,701
Plan fiduciary net position as percentage of the total pension liability	87.03%	91.94%	51.56%	56.44%	61.56%	72.48%
Covered-employee payroll	\$277,745	\$268,424	\$624,206	\$598,246	\$395,360	\$388,756
Net position liability as a percentage of covered employee payroll	207.99%	127.81%	369.80%	317.96%	679.95%	424.61%

(1) The 2015 amounts are based on 8.0% per City actuary and the prior year, 2014 is based on 8.5% per Plan actuary. (see note 10E)

CITY OF HOUSTON, TEXAS
REQUIRED OTHER POST EMPLOYMENT BENEFITS
SUPPLEMENTARY INFORMATION
June 30, 2015
(unaudited)

Houston Other Post Employment Benefits Supplementary Information (unaudited)
Schedule of Funding Progress *(in millions)*

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Surplus UAAL) (b-a)	Funded Ratio (a/b)	Projected Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
June 30, 2009	\$0	\$3,031	\$3,031	0%	\$1,193.5	254.1%
June 30, 2010	\$0	\$1,984	\$1,984	0%	\$1,208.9	164.1%
June 30, 2010	\$0	\$1,984	\$1,984	0%	\$1,164.5	170.4%
June 30, 2012	\$0	\$2,090	\$2,090	0%	\$1,178.1	177.4%
June 30, 2012	\$0	\$2,090	\$2,090	0%	\$1,227.2	170.3%
June 30, 2014	\$0	\$2,068	\$2,068	0%	\$1,266.0	163.3%

Governmental Funds

General Fund - The General Fund is used to account for sources and uses of financial resources applicable to the general government operation of the City. All general operating revenues and expenditures that are not restricted and, therefore, accounted for in another fund, are recorded in the General Fund.

Debt Service Fund - The Debt Service Fund is used to account for the payment of interest and principal on all general long-term debt other than debt issued for and serviced by Enterprise Funds.

Capital Projects Fund - The Capital Projects Fund accounts for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by Enterprise Funds.

Grants Fund - The Grants Fund is used to account for grant resources received from various local, state and national agencies and organizations. The use of these resources is restricted to a particular function of the city by the grantor.

Nonmajor Funds - Nonmajor Funds did not meet the established criteria for major fund status. They are used to account for the proceeds of specific revenue sources (other than capital projects) that are restricted to expenditures for special purposes. All Nonmajor Funds have been presented; however only certain sub-funds have legally adopted budgets. Nonmajor funds are:

- **Public Safety Special Fund**
 - Budgeted: Asset Forfeiture, Auto Dealers, Digital Automated Red Light, Juvenile Case Manager, Police Special Services, Houston Emergency Center, Municipal Courts Technology Fee, and Child Safety
 - Not budgeted: Helmets for Bicycle Safety, Nuisance Abatement, FTA Special
- **Public Works Special Fund**
 - Budgeted: Building Inspection, Dedicated Drainage & Street Renewal, Historic Preservation, and Recycling Expansion Program
 - Not budgeted: Mobility Response Team, Street Maintenance and Traffic Control
- **Health and Housing Special Fund**
 - Budgeted: Essential Public Health, Health Special, Laboratory Services, Special Waste, and Swimming Pool Safety
 - Not budgeted: Housing Special, Homeless Families Program and Housing Replacement Insurance, Housing Non-Grant Venture and HJTPC Self Insurance
- **Parks & Recreation Special Fund**
 - Budgeted: Parks Golf Special, Parks Special
 - Not budgeted: MacGregor Parks Endowment, Planting Tree
- **Other Special Revenue Fund**
 - Budgeted: Cable Television, Contractor Responsibility, Digital Houston, Houston Transtar, Parking Management, and Supplemental Environmental Protection
 - Not budgeted: Disaster Recovery, Compaq Center, MNC Memorial City Way, W.A.T.E.R., Special City Deposit, John Battaglia Trust, Inc. Fund, AAA Contingency, Houston Foundation and March of Dimes

CITY OF HOUSTON, TEXAS
GENERAL FUND
Balance Sheet
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	2015	2014
Assets		
Equity in pooled cash and investments	\$ 269,345	\$ 248,330
Receivables, net of allowances		
Accounts receivable	109,972	83,862
Property taxes receivable, net	27,579	30,110
Sales taxes receivable	111,890	107,872
Mixed beverage taxes receivable	4,241	3,818
Franchise taxes receivable	18,882	18,263
Special assessments receivable	13,807	14,054
Due from other funds	43,040	16,772
Due from other governments	751	596
Inventory	14,023	11,895
Prepaid items	2,427	2,121
Total assets	\$ 615,957	\$ 537,693
Liabilities and fund balance		
Liabilities		
Accounts payable	67,443	82,148
Accrued payroll liabilities	39,391	32,797
Due to other funds	13,276	36,871
Due to other governments	764	286
Advances and deposits	6,097	6,994
Claims and judgments	1,893	1,800
Compensated absences	3,878	3,680
Total liabilities	132,742	164,576
Deferred inflows of resources		
Deferred inflow of resources	132,327	110,843
Total deferred inflows of resources	132,327	110,843
Fund balance		
Non-Spendable		
Imprest cash and prepaids	2,427	2,121
Inventory	14,023	11,895
Restricted	27,096	44,120
Committed	6,111	3,407
Unassigned	301,231	200,731
Total fund balance	350,888	262,274
Total liabilities and fund balance	\$ 615,957	\$ 537,693

CITY OF HOUSTON, TEXAS
GENERAL FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Revenues		
Taxes and assessments		
Property Taxes	\$ 1,074,435	\$ 976,240
Industrial Assessments	16,736	16,534
Sales Tax	667,061	629,441
Franchise Tax	189,836	189,989
Mixed Beverage Tax	15,784	13,869
Bingo Tax	209	187
Licenses and permits	38,894	36,633
Charges for services	147,830	121,621
Intergovernmental - grants	24,572	21,595
Fines and forfeits	30,179	35,177
Investment income	3,352	3,687
Other	40,110	44,325
Total revenues	<u>2,248,998</u>	<u>2,089,298</u>
Expenditures		
Current		
General government	262,749	207,182
Public safety	1,293,766	1,248,286
Public works	186,779	202,556
Health	59,379	53,005
Housing and community development	669	1,015
Parks and recreation	80,609	64,810
Library	37,954	37,861
Retiree benefits	11,059	10,920
Capital outlay	58,501	69,583
Debt service principal	11,000	-
Debt service interest	3,123	3,040
Total expenditures	<u>2,005,588</u>	<u>1,898,258</u>
Other financing sources (uses)		
Proceeds from issuance of debt	88,000	55,000
Sale of capital assets	47,320	2,364
Transfers in	61,015	72,663
Transfers out	(351,131)	(335,123)
Total other financing sources (uses)	<u>(154,796)</u>	<u>(205,096)</u>
Change in fund balance	88,614	(14,056)
Fund balances, July 1	<u>262,274</u>	<u>276,330</u>
Fund balances, June 30	<u>\$ 350,888</u>	<u>\$ 262,274</u>

CITY OF HOUSTON, TEXAS
DEBT SERVICE FUND
Balance Sheet
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	2015	2014
Assets		
Equity in pooled cash and investments	\$ 119,185	\$ 104,578
Due from other funds	4,449	31,368
Due from other governments	2,024	3,549
Total assets	\$ 125,658	\$ 139,495
 Liabilities and fund balance		
Liabilities		
Accounts payable	\$ 1,285	\$ 1,245
Total liabilities	1,285	1,245
 Deferred inflows of resources		
Deferred inflow of resources	2,024	3,549
Total deferred inflows of resources	2,024	3,549
 Fund balance		
Restricted	122,349	134,701
Total fund balance	122,349	134,701
 Total liabilities and fund balance	\$ 125,658	\$ 139,495

CITY OF HOUSTON, TEXAS
DEBT SERVICE FUND
Schedule of Revenues, Expenditures and Changes in Fund Balance: Budget vs. Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Investment income	\$ -	\$ -	\$ 724	\$ 724	\$ 1,269
Other	-	-	6,842	6,842	5,679
Total revenues	-	-	7,566	7,566	6,948
Expenditures					
Current					
Debt service principal	186,814	186,814	180,355	6,459	176,205
Debt service interest	146,042	146,042	150,849	(4,807)	151,238
Debt service fiscal agent & fees	4,900	4,900	4,459	441	3,766
Total expenditures	337,756	337,756	335,663	2,093	331,209
Other financing sources (uses)					
Net proceeds from issuance of debt	-	-	740	740	71
Premium on long-term debt	-	-	-	-	-
Transfers in	327,837	327,837	316,409	(11,428)	302,856
Payment to(from) escrow agent for refunded bonds	-	-	(1,404)	(1,404)	(519)
Total other financing sources (uses)	327,837	327,837	315,745	(12,092)	302,408
Change in fund balance	(9,919)	(9,919)	(12,352)	(2,433)	(21,853)
Fund balances, July 1	156,554	156,554	134,701	(21,853)	156,554
Fund balances, June 30	\$ 146,635	\$ 146,635	\$ 122,349	\$ (24,286)	\$ 134,701

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Balance Sheet
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	2015	2014
Assets		
Equity in pooled cash and investments	\$ 272,531	\$ 271,206
Receivables, net of allowances		
Accounts receivable	3	2
Due from other funds	16,877	16,460
Due from other governments	-	156
Prepaid items - Construction materials	472	3,062
Total assets	\$ 289,883	\$ 290,886
 Liabilities and fund balance		
Liabilities		
Accounts payable	38,935	37,889
Due to other funds	4,447	3,255
Advances and deposits	31	31
Total liabilities	43,413	41,175
 Deferred inflows of resources		
Deferred inflow of resources	106,686	107,272
Total deferred inflows of resources	106,686	107,272
 Fund balance		
Imprest cash and prepaids	472	3,062
Restricted	14,251	32,770
Assigned	125,061	106,607
Total fund balance	139,784	142,439
 Total liabilities and fund balance	\$ 289,883	\$ 290,886

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental - grants	\$ 67,667	\$ 56,210
Investment income	1,614	2,195
Other	<u>10,856</u>	<u>7,796</u>
Total revenues	<u>80,137</u>	<u>66,201</u>
Expenditures		
Current		
Capital outlay	<u>259,627</u>	<u>187,415</u>
Total expenditures	<u>259,627</u>	<u>187,415</u>
Other financing sources (uses)		
Proceeds from issuance of debt	29,000	63,929
Sale of capital assets	237	-
Transfers in	149,598	132,542
Transfers out	<u>(2,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>176,835</u>	<u>196,471</u>
Change in fund balance	(2,655)	75,257
Fund balances, July 1	<u>142,439</u>	<u>67,182</u>
Fund balances, June 30	<u>\$ 139,784</u>	<u>\$ 142,439</u>

CITY OF HOUSTON, TEXAS
GRANTS FUND
Balance Sheet
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	2015	2014
Assets		
Cash		
Equity in pooled cash and investments	\$ 42,051	\$ 23,321
Receivables, net of allowances		
Accounts receivable	29,376	28,848
Due from other funds	4,997	1,253
Due from component units	1,905	1,928
Due from other governments	50,016	58,805
Inventory	416	321
Prepaid items	-	134
Total assets	\$ 128,761	\$ 114,610
 Liabilities and fund balance		
Liabilities		
Accounts payable	20,246	17,850
Accrued payroll liabilities	1,639	1,159
Due to other funds	34,476	16,909
Due to other governments	10,451	10,524
Advances and deposits	178	180
Total liabilities	66,990	46,622
 Deferred inflows of resources		
Deferred inflow of resources	51,583	58,216
Total deferred inflows of resources	51,583	58,216
 Fund balance		
Non-Spendable		
Imprest cash and prepaids	-	134
Inventory	416	321
Restricted	9,772	9,317
Total fund balance	10,188	9,772
 Total liabilities and fund balance	\$ 128,761	\$ 114,610

CITY OF HOUSTON, TEXAS
GRANTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Revenues		
Intergovernmental - grants	\$ 187,746	\$ 170,844
Investment income	258	31
Total revenues	<u>188,004</u>	<u>170,875</u>
Expenditures		
Current		
General government	7,915	2,842
Public safety	29,114	53,154
Public works	7,912	10,840
Health	60,330	56,195
Housing and community development	69,115	48,265
Parks and recreation	12,916	5,852
Library	216	560
Total expenditures	<u>187,518</u>	<u>177,708</u>
Other financing sources (uses)		
Other financing sources		
Transfers out	(70)	(70)
Total other financing sources (uses)	<u>(70)</u>	<u>(70)</u>
Change in fund balance	416	(6,903)
Fund balances, July 1	<u>9,772</u>	<u>16,675</u>
Fund balances, June 30	<u>\$ 10,188</u>	<u>\$ 9,772</u>

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	<i>Nonmajor Funds</i>		
	Public Safety Special Fund	Public Works Special Fund	Health & Housing Special Fund
Assets			
Equity in pooled cash and investments	\$ 23,499	\$ 108,713	\$ 25,645
Receivables, net of allowances			
Accounts receivable	597	23,410	74
Due from other funds	1,266	1,696	66
Due from other governments	2,169	10,450	-
Inventory	-	1,548	-
Total assets	<u>\$ 27,531</u>	<u>\$ 145,817</u>	<u>\$ 25,785</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	\$ 2,215	\$ 5,558	\$ 1,000
Accrued payroll liabilities	991	2,189	318
Due to other funds	202	28,960	310
Due to other governments	1	-	-
Advances and deposits	483	2,017	-
Compensated absences	2	39	-
Other liabilities	-	-	-
Total liabilities	<u>3,894</u>	<u>38,763</u>	<u>1,628</u>
Deferred inflows of resources			
Deferred inflow of resources	<u>103</u>	<u>33,848</u>	<u>75</u>
Total deferred inflows of resources	<u>103</u>	<u>33,848</u>	<u>75</u>
Fund balance			
Non-Spendable			
Inventory	-	1,548	-
Committed	17,466	45,430	9,883
Restricted	<u>6,068</u>	<u>26,228</u>	<u>14,199</u>
Total fund balance	<u>23,534</u>	<u>73,206</u>	<u>24,082</u>
Total liabilities and fund balance	<u>\$ 27,531</u>	<u>\$ 145,817</u>	<u>\$ 25,785</u>

(Continued)

Nonmajor Funds

Parks & Recreation Special Fund	Other Special Revenue Fund	2015	2014
\$ 9,602	\$ 83,301	\$ 250,760	\$ 246,445
(92)	1,768	25,757	26,464
-	1	3,029	1,610
-	-	12,619	13,443
-	-	1,548	1,773
<u>\$ 9,510</u>	<u>\$ 85,070</u>	<u>\$ 293,713</u>	<u>\$ 289,735</u>
\$ 415	\$ 2,057	\$ 11,245	\$ 11,324
115	183	3,796	2,982
-	1,856	31,328	17,971
13	1,221	1,235	1,103
176	228	2,904	2,715
-	-	41	244
-	6	6	2
<u>719</u>	<u>5,551</u>	<u>50,555</u>	<u>36,341</u>
<u>39</u>	<u>376</u>	<u>34,441</u>	<u>28,864</u>
<u>39</u>	<u>376</u>	<u>34,441</u>	<u>28,864</u>
-	-	1,548	1,773
8,405	5,856	87,040	71,969
<u>347</u>	<u>73,287</u>	<u>120,129</u>	<u>150,788</u>
<u>8,752</u>	<u>79,143</u>	<u>208,717</u>	<u>224,530</u>
<u>\$ 9,510</u>	<u>\$ 85,070</u>	<u>\$ 293,713</u>	<u>\$ 289,735</u>

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	<i>Nonmajor Funds</i>		
	Public Safety Special Fund	Public Works Special Fund	Health & Housing Special Fund
Revenues			
Franchise Tax	\$ -	\$ 409	\$ -
Licenses and permits	3,086	74,934	4,141
Charges for services	3,909	125,053	1,254
Intergovernmental - grants	13,283	57,080	17,522
Fines and forfeits	777	7	-
Investment income	173	729	176
Other	16,200	2,099	2,835
Total revenues	37,428	260,311	25,928
Expenditures			
Current			
General government	-	-	-
Public safety	51,979	-	-
Public works	-	119,622	-
Health	-	-	19,307
Housing and community development	-	-	1,383
Parks and recreation	-	-	-
Capital outlay	1,072	37,316	1,175
Debt service interest	-	-	-
Debt service fiscal agent & fees	-	830	-
Total expenditures	53,051	157,768	21,865
Other financing sources (uses)			
Sale of capital assets	-	614	-
Transfers in	17,443	42,342	400
Transfers out	(1,544)	(172,601)	-
Total other financing sources (uses)	15,899	(129,645)	400
Change in fund balance	276	(27,102)	4,463
Fund balances, July 1	\$ 23,258	\$ 100,308	\$ 19,619
Fund balances, June 30	\$ 23,534	\$ 73,206	\$ 24,082

(Continued)

<i>Nonmajor Funds</i>			
Parks & Recreation Special Fund	Other Special Revenue Fund	2015	2014
\$ -	\$ -	\$ 409	\$ 379
224	357	82,742	74,944
8,273	10,375	148,864	146,014
-	5,136	93,021	85,183
-	10,387	11,171	11,470
64	549	1,691	2,555
123	16,064	37,321	40,389
<u>8,684</u>	<u>42,868</u>	<u>375,219</u>	<u>360,934</u>
-	24,775	24,775	23,192
-	-	51,979	53,929
-	-	119,622	90,950
-	-	19,307	13,246
-	-	1,383	1,972
8,193	-	8,193	6,895
307	971	40,841	32,028
-	-	-	49
-	-	830	762
<u>8,500</u>	<u>25,746</u>	<u>266,930</u>	<u>223,023</u>
-	-	614	100
-	-	60,185	41,123
-	(10,756)	(184,901)	(172,024)
<u>-</u>	<u>(10,756)</u>	<u>(124,102)</u>	<u>(130,801)</u>
184	6,366	(15,813)	7,110
\$ 8,568	\$ 72,777	\$ 224,530	217,420
<u>\$ 8,752</u>	<u>\$ 79,143</u>	<u>\$ 208,717</u>	<u>\$ 224,530</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - ASSET FORFEITURE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Confiscations	\$ 7,750	\$ 7,750	\$ 6,655	\$ (1,095)	\$ 8,829
Investment income	49	49	50	1	74
Other	-	-	(40)	(40)	-
Total revenues	<u>7,799</u>	<u>7,799</u>	<u>6,665</u>	<u>(1,134)</u>	<u>8,903</u>
Expenditures					
Current					
Public safety	11,600	11,215	7,189	4,026	8,416
Capital outlay	-	385	370	15	275
Total expenditures	<u>11,600</u>	<u>11,600</u>	<u>7,559</u>	<u>4,041</u>	<u>8,691</u>
Change in fund balance	(3,801)	(3,801)	(894)	2,907	212
Fund balances, July 1	<u>6,705</u>	<u>6,705</u>	<u>6,705</u>	<u>-</u>	<u>6,493</u>
Fund balances, June 30	<u>\$ 2,904</u>	<u>\$ 2,904</u>	<u>\$ 5,811</u>	<u>\$ 2,907</u>	<u>\$ 6,705</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - AUTO DEALERS
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 3,065	\$ 3,065	\$ 2,690	\$ (375)	\$ 2,911
Charges for services	465	465	550	85	481
Investment income	32	32	29	(3)	51
Other	3,501	3,501	3,427	(74)	3,635
Total revenues	<u>7,063</u>	<u>7,063</u>	<u>6,696</u>	<u>(367)</u>	<u>7,078</u>
Expenditures					
Current					
Public safety	6,108	6,108	5,659	449	4,897
Capital outlay	1,230	1,230	519	711	28
Total expenditures	<u>7,338</u>	<u>7,338</u>	<u>6,178</u>	<u>1,160</u>	<u>4,925</u>
Other financing sources (uses)					
Transfers out	(1,500)	(1,500)	(1,544)	(44)	(1,533)
Total other financing sources (uses)	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,544)</u>	<u>(44)</u>	<u>(1,533)</u>
Change in fund balance	(1,775)	(1,775)	(1,026)	749	620
Fund balances, July 1	<u>4,375</u>	<u>4,375</u>	<u>4,375</u>	<u>-</u>	<u>3,755</u>
Fund balances, June 30	<u>\$ 2,600</u>	<u>\$ 2,600</u>	<u>\$ 3,349</u>	<u>\$ 749</u>	<u>\$ 4,375</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - BUILDING INSPECTION
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Taxes and assessments					
Franchise Tax	\$ 385	\$ 385	\$ 409	\$ 24	\$ 379
Licenses and permits	54,190	54,190	72,455	18,265	65,158
Charges for services	14,707	14,707	9,787	(4,920)	9,563
Investment income	171	171	304	133	284
Other	1,821	1,821	458	(1,363)	451
Total revenues	<u>71,274</u>	<u>71,274</u>	<u>83,413</u>	<u>12,139</u>	<u>75,835</u>
Expenditures					
Current					
Public works	70,588	70,588	61,758	8,830	54,699
Capital outlay	5,461	5,461	1,257	4,204	2,208
Total expenditures	<u>76,049</u>	<u>76,049</u>	<u>63,015</u>	<u>13,034</u>	<u>56,907</u>
Other financing sources (uses)					
Transfers out	(962)	(962)	(6,530)	5,568	(6,824)
Total other financing sources (uses)	<u>(962)</u>	<u>(962)</u>	<u>(6,530)</u>	<u>5,568</u>	<u>(6,824)</u>
Change in fund balance	(5,737)	(5,737)	13,868	19,605	12,104
Fund balances, July 1	<u>27,235</u>	<u>27,235</u>	<u>27,235</u>	<u>-</u>	<u>15,131</u>
Fund balances, June 30	<u>\$ 21,498</u>	<u>\$ 21,498</u>	<u>\$ 41,103</u>	<u>\$ 19,605</u>	<u>\$ 27,235</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - CABLE TELEVISION
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015		Actual	Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Investment income	\$ 32	\$ 32	\$ 5	\$ (27)	\$ 19
Other	4,222	4,222	4,788	566	4,276
Total revenues	<u>4,254</u>	<u>4,254</u>	<u>4,793</u>	<u>539</u>	<u>4,295</u>
Expenditures					
Current					
General government	3,974	3,974	4,240	(266)	3,827
Capital outlay	150	150	21	129	2,513
Total expenditures	<u>4,124</u>	<u>4,124</u>	<u>4,261</u>	<u>(137)</u>	<u>6,340</u>
Other financing sources (uses)					
Transfers out	(358)	(358)	(358)	-	(303)
Total other financing sources (uses)	<u>(358)</u>	<u>(358)</u>	<u>(358)</u>	<u>-</u>	<u>(303)</u>
Change in fund balance	(228)	(228)	174	402	(2,348)
Fund balances, July 1	<u>538</u>	<u>538</u>	<u>538</u>	<u>-</u>	<u>2,886</u>
Fund balances, June 30	<u>\$ 310</u>	<u>\$ 310</u>	<u>\$ 712</u>	<u>\$ 402</u>	<u>\$ 538</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - CHILD SAFETY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Fines and forfeits	\$ 815	\$ 815	\$ 777	\$ (38)	\$ 834
Interest	20	20	6	(14)	12
Other	2,400	2,400	2,496	96	2,454
Total revenues	<u>3,235</u>	<u>3,235</u>	<u>3,279</u>	<u>44</u>	<u>3,300</u>
Expenditures					
Current					
Public safety	3,235	3,235	3,337	(102)	3,444
Total expenditures	<u>3,235</u>	<u>3,235</u>	<u>3,337</u>	<u>(102)</u>	<u>3,444</u>
Change in fund balance	-	-	(58)	(58)	(144)
Fund balances, July 1	62	62	62	-	206
Fund balances, June 30	<u>\$ 62</u>	<u>\$ 62</u>	<u>\$ 4</u>	<u>\$ (58)</u>	<u>\$ 62</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - CONTRACTORS RESPONSIBILITY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	<u>2015</u>		<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>	<u>2014 Actual</u>
	<u>Budget Amounts</u>				
	<u>Original</u>	<u>Final</u>			
Revenues					
Investment income	\$ 22	\$ 22	\$ 14	\$ (8)	\$ 30
Other	400	400	941	541	371
Total revenues	<u>422</u>	<u>422</u>	<u>955</u>	<u>533</u>	<u>401</u>
Expenditures					
Current					
General government	911	911	534	377	620
Total expenditures	<u>911</u>	<u>911</u>	<u>534</u>	<u>377</u>	<u>620</u>
Other financing sources (uses)					
Transfers out	(400)	(400)	(400)	-	(800)
Total other financing sources (uses)	<u>(400)</u>	<u>(400)</u>	<u>(400)</u>	<u>-</u>	<u>(800)</u>
Change in fund balance	(889)	(889)	21	910	(1,019)
Fund balances, July 1	<u>2,025</u>	<u>2,025</u>	<u>2,025</u>	<u>-</u>	<u>3,044</u>
Fund balances, June 30	<u>\$ 1,136</u>	<u>\$ 1,136</u>	<u>\$ 2,046</u>	<u>\$ 910</u>	<u>\$ 2,025</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - DEDICATED DRAINAGE & STREET RENEWAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015		Actual	Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Taxes and assessments					
Charges for services	\$ 115,255	\$ 115,255	\$ 114,407	\$ (848)	\$ 113,675
Licenses & Permits	950	950	2,479	1,529	1,780
Metro Intergovernmental Revenue	57,082	57,082	57,080	(2)	56,103
Miscellaneous/Other	342	342	876	534	1,365
Total revenues	<u>173,629</u>	<u>173,629</u>	<u>174,842</u>	<u>1,213</u>	<u>172,923</u>
Expenditures					
Current					
Public works	71,081	71,081	57,436	13,645	35,926
Capital outlay	4,990	4,990	36,059	(31,069)	23,805
Debt service fiscal agent & fees	800	800	830	(30)	762
Total expenditures	<u>76,871</u>	<u>76,871</u>	<u>94,325</u>	<u>(17,454)</u>	<u>60,493</u>
Other financing sources (uses)					
Interest Income	500	500	397	(103)	911
Transfers in	32,500	32,500	40,931	8,431	22,110
Transfers out	(145,012)	(145,012)	(163,610)	18,598	(150,439)
Total other financing sources (uses)	<u>(112,012)</u>	<u>(112,012)</u>	<u>(122,282)</u>	<u>26,926</u>	<u>(127,418)</u>
Change in fund balance	(15,254)	(15,254)	(41,765)	(26,511)	(14,988)
Fund balances, July 1	<u>69,419</u>	<u>69,419</u>	<u>69,419</u>	<u>-</u>	<u>84,407</u>
Fund balances, June 30	<u>\$ 54,165</u>	<u>\$ 54,165</u>	<u>\$ 27,654</u>	<u>\$ (26,511)</u>	<u>\$ 69,419</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - DIGITAL AUTOMATED RED LIGHT ENFORCEMENT PROGRAM
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ 2
Other	-	-	-	-	596
Total revenues	-	-	-	-	598
Expenditures					
Current					
Public safety	-	-	-	-	598
Total expenditures	-	-	-	-	598
Change in fund balance	-	-	-	-	-
Fund balances, July 1	-	-	-	-	-
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - DIGITAL HOUSTON WIFI
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015		Actual	Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Investment income	\$ 4	\$ 4	\$ 3	\$ (1)	\$ 10
Total revenues	<u>4</u>	<u>4</u>	<u>3</u>	<u>(1)</u>	<u>10</u>
Expenditures					
Current					
General government	607	607	347	260	503
Total expenditures	<u>607</u>	<u>607</u>	<u>347</u>	<u>260</u>	<u>503</u>
Change in fund balance	(603)	(603)	(344)	259	(493)
Fund balances, July 1	<u>615</u>	<u>615</u>	<u>615</u>	<u>-</u>	<u>1,108</u>
Fund balances, June 30	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 271</u>	<u>\$ 259</u>	<u>\$ 615</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - ESSENTIAL PUBLIC HEALTH SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Intergovernmental - grants	\$ 14,299	\$ 14,299	\$ 17,522	\$ 3,223	\$ 12,015
Investment income	-	-	97	97	62
Total revenues	<u>14,299</u>	<u>14,299</u>	<u>17,619</u>	<u>3,320</u>	<u>12,077</u>
Expenditures					
Current					
Health	17,369	17,369	12,386	4,983	6,967
Capital outlay	-	205	275	(70)	87
Total expenditures	<u>17,369</u>	<u>17,574</u>	<u>12,661</u>	<u>4,913</u>	<u>7,054</u>
Change in fund balance	(3,070)	(3,275)	4,958	8,233	5,023
Fund balances, July 1	<u>7,583</u>	<u>7,583</u>	<u>7,583</u>	<u>-</u>	<u>2,560</u>
Fund balances, June 30	<u>\$ 4,513</u>	<u>\$ 4,308</u>	<u>\$ 12,541</u>	<u>\$ 8,233</u>	<u>\$ 7,583</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - HEALTH SPECIAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 246	\$ 246	\$ 306	\$ 60	\$ 305
Charges for services	915	915	804	(111)	920
Investment income	42	42	37	(5)	54
Other	1,314	1,314	1,322	8	1,531
Total revenues	<u>2,517</u>	<u>2,517</u>	<u>2,469</u>	<u>(48)</u>	<u>2,810</u>
Expenditures					
Current					
Health	3,304	3,304	2,893	411	2,448
Capital outlay	365	365	126	239	42
Total expenditures	<u>3,669</u>	<u>3,669</u>	<u>3,019</u>	<u>650</u>	<u>2,490</u>
Other financing sources (uses)					
Transfers in	400	400	400	-	800
Total other financing sources (uses)	<u>400</u>	<u>400</u>	<u>400</u>	<u>-</u>	<u>800</u>
Change in fund balance	(752)	(752)	(150)	602	1,120
Fund balances, July 1	<u>5,552</u>	<u>5,552</u>	<u>5,552</u>	<u>-</u>	<u>4,432</u>
Fund balances, June 30	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 5,402</u>	<u>\$ 602</u>	<u>\$ 5,552</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - HISTORIC PRESERVATION
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Investment income	\$ 3	\$ 3	\$ 9	\$ 6	\$ 10
Other	225	225	964	739	341
Total revenues	<u>228</u>	<u>228</u>	<u>973</u>	<u>745</u>	<u>351</u>
Expenditures					
Current					
Public Works	<u>509</u>	<u>509</u>	<u>290</u>	<u>219</u>	<u>262</u>
Total expenditures	<u>509</u>	<u>509</u>	<u>290</u>	<u>219</u>	<u>262</u>
Change in fund balance	(281)	(281)	683	964	89
Fund balances, July 1	<u>1,023</u>	<u>1,023</u>	<u>1,023</u>	<u>-</u>	<u>934</u>
Fund balances, June 30	<u>\$ 742</u>	<u>\$ 742</u>	<u>\$ 1,706</u>	<u>\$ 964</u>	<u>\$ 1,023</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - HOUSTON EMERGENCY CENTER
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 200	\$ 200	\$ 3	\$ (197)	\$ 3
Intergovernmental - grants	13,431	13,431	12,897	(534)	12,004
Investment income	-	-	36	36	37
Total revenues	<u>13,631</u>	<u>13,631</u>	<u>12,936</u>	<u>(695)</u>	<u>12,044</u>
Expenditures					
Current					
Public safety	26,017	26,017	24,034	1,983	23,794
Capital outlay	-	-	1	(1)	6
Total expenditures	<u>26,017</u>	<u>26,017</u>	<u>24,035</u>	<u>1,982</u>	<u>23,800</u>
Other financing sources (uses)					
Transfers in	12,386	12,386	12,518	132	12,171
Total other financing sources (uses)	<u>12,386</u>	<u>12,386</u>	<u>12,518</u>	<u>132</u>	<u>12,171</u>
Change in fund balance	-	-	1,419	1,419	415
Fund balances, July 1	<u>3,809</u>	<u>3,809</u>	<u>3,809</u>	<u>-</u>	<u>3,394</u>
Fund balances, June 30	<u>\$ 3,809</u>	<u>\$ 3,809</u>	<u>\$ 5,228</u>	<u>\$ 1,419</u>	<u>\$ 3,809</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - HOUSTON TRANSTAR
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	<u>2015</u>			Variance with Final Budget- Pos (Neg)	2014 Actual
	<u>Budget Amounts</u>		<u>Actual</u>		
	<u>Original</u>	<u>Final</u>			
Revenues					
Charges for services	\$ 645	\$ 645	\$ 637	\$ (8)	\$ 629
Intergovernmental - grants	1,605	1,605	1,750	145	1,789
Investment income	18	18	15	(3)	28
Other	-	-	2	2	1
Total revenues	<u>2,268</u>	<u>2,268</u>	<u>2,404</u>	<u>136</u>	<u>2,447</u>
Expenditures					
Current					
General government	2,840	2,840	2,714	126	2,252
Capital outlay	<u>75</u>	<u>75</u>	<u>6</u>	<u>69</u>	<u>57</u>
Total expenditures	<u>2,915</u>	<u>2,915</u>	<u>2,720</u>	<u>195</u>	<u>2,309</u>
Change in fund balance	(647)	(647)	(316)	331	138
Fund balances, July 1	<u>2,421</u>	<u>2,421</u>	<u>2,421</u>	<u>-</u>	<u>2,283</u>
Fund balances, June 30	<u>\$ 1,774</u>	<u>\$ 1,774</u>	<u>\$ 2,105</u>	<u>\$ 331</u>	<u>\$ 2,421</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - JUVENILE CASE MANAGER FEE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Interest	\$ 12	\$ 12	\$ 11	\$ (1)	\$ 19
Other	1,344	1,344	1,258	(86)	1,328
Total revenues	<u>1,356</u>	<u>1,356</u>	<u>1,269</u>	<u>(87)</u>	<u>1,347</u>
Expenditures					
Current					
Public safety	1,879	1,879	1,474	405	1,325
Total expenditures	<u>1,879</u>	<u>1,879</u>	<u>1,474</u>	<u>405</u>	<u>1,325</u>
Change in fund balance	(523)	(523)	(205)	318	22
Fund balances, July 1	<u>1,750</u>	<u>1,750</u>	<u>1,750</u>	<u>-</u>	<u>1,728</u>
Fund balances, June 30	<u>\$ 1,227</u>	<u>\$ 1,227</u>	<u>\$ 1,545</u>	<u>\$ 318</u>	<u>\$ 1,750</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - LABORATORY SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 395	\$ 395	\$ 450	\$ 55	\$ 409
Investment income	3	3	2	(1)	3
Other	-	-	30	30	50
Total revenues	<u>398</u>	<u>398</u>	<u>482</u>	<u>84</u>	<u>462</u>
Expenditures					
Current					
Health	572	572	255	317	477
Capital outlay	7	7	7	-	-
Total expenditures	<u>579</u>	<u>579</u>	<u>262</u>	<u>317</u>	<u>477</u>
Change in fund balance	(181)	(181)	220	401	(15)
Fund balances, July 1	<u>310</u>	<u>310</u>	<u>310</u>	<u>-</u>	<u>325</u>
Fund balances, June 30	<u>\$ 129</u>	<u>\$ 129</u>	<u>\$ 530</u>	<u>\$ 401</u>	<u>\$ 310</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - MOBILITY RESPONSE TEAM
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015		Actual	Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures					
Current					
Public works	-	-	(8)	8	-
Total expenditures	-	-	(8)	8	-
Other financing sources (uses)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Change in fund balance	-	-	8	8	-
Fund balances, July 1	(162)	(162)	(162)	-	(162)
Fund balances, June 30	<u>\$ (162)</u>	<u>\$ (162)</u>	<u>\$ (154)</u>	<u>\$ 8</u>	<u>\$ (162)</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - MUNICIPAL COURTS TECHNOLOGY FEE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	<u>2015</u>		<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>	<u>2014 Actual</u>
	<u>Budget Amounts</u>				
	<u>Original</u>	<u>Final</u>			
Revenues					
Interest	\$ 3	\$ 3	\$ 1	\$ (2)	\$ 5
Other	1,372	1,372	1,109	(263)	1,368
Total revenues	<u>1,375</u>	<u>1,375</u>	<u>1,110</u>	<u>(265)</u>	<u>1,373</u>
Expenditures					
Current					
Public safety	964	964	882	82	952
Capital outlay	225	225	113	112	38
Total expenditures	<u>1,189</u>	<u>1,189</u>	<u>995</u>	<u>194</u>	<u>990</u>
Other financing sources (uses)					
Operating transfers out	-	-	(350)	(350)	(350)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(350)</u>	<u>(350)</u>	<u>(350)</u>
Change in fund balance	186	186	(235)	(421)	33
Fund balances, July 1	<u>1,642</u>	<u>1,642</u>	<u>1,642</u>	<u>-</u>	<u>1,609</u>
Fund balances, June 30	<u>\$ 1,828</u>	<u>\$ 1,828</u>	<u>\$ 1,407</u>	<u>\$ (421)</u>	<u>\$ 1,642</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - PARKING MANAGEMENT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015		Actual	Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Taxes and assessments					
Parking Violations	\$ 9,780	\$ 9,780	\$ 10,385	\$ 605	\$ 10,031
Parking Fees	8,215	8,215	9,596	1,381	8,731
Permit Fees	283	283	357	74	361
Investment income	34	34	37	3	56
Other	1	1	19	18	41
Total revenues	<u>18,313</u>	<u>18,313</u>	<u>20,394</u>	<u>2,081</u>	<u>19,220</u>
Expenditures					
Current					
General government	11,188	11,188	10,306	882	8,897
Capital outlay	142	142	61	81	272
Debt service principal	1,674	1,674	1,674	-	1,519
Total expenditures	<u>13,004</u>	<u>13,004</u>	<u>12,041</u>	<u>963</u>	<u>10,688</u>
Other financing sources (uses)					
Transfers out	(7,000)	(7,000)	(8,324)	1,324	(9,403)
Total other financing sources (uses)	<u>(7,000)</u>	<u>(7,000)</u>	<u>(8,324)</u>	<u>1,324</u>	<u>(9,403)</u>
Change in fund balance	(1,691)	(1,691)	29	1,720	(871)
Fund balances, July 1	<u>685</u>	<u>685</u>	<u>685</u>	<u>-</u>	<u>1,556</u>
Fund balances, June 30	<u>\$ (1,006)</u>	<u>\$ (1,006)</u>	<u>\$ 714</u>	<u>\$ 1,720</u>	<u>\$ 685</u>

CITY OF HOUSTON, TEXAS
PARKS & RECREATION SPECIAL FUND - PARKS GOLF
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015		Actual	Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Charges for services	\$ 6,442	\$ 6,442	\$ 5,624	\$ (818)	\$ 5,781
Investment income	6	6	10	4	12
Other	41	41	1	(40)	19
Total revenues	<u>6,489</u>	<u>6,489</u>	<u>5,635</u>	<u>(854)</u>	<u>5,812</u>
Expenditures					
Current					
Parks and recreation	6,215	6,215	5,522	693	5,529
Capital outlay	245	245	55	190	-
Total expenditures	<u>6,460</u>	<u>6,460</u>	<u>5,577</u>	<u>883</u>	<u>5,529</u>
Change in fund balance	29	29	58	29	283
Fund balances, July 1	<u>1,366</u>	<u>1,366</u>	<u>1,366</u>	<u>-</u>	<u>1,083</u>
Fund balances, June 30	<u>\$ 1,395</u>	<u>\$ 1,395</u>	<u>\$ 1,424</u>	<u>\$ 29</u>	<u>\$ 1,366</u>

CITY OF HOUSTON, TEXAS
PARKS & RECREATION SPECIAL FUND - PARKS SPECIAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 213	\$ 213	\$ 224	\$ 11	\$ 293
Charges for services	1,577	1,577	1,786	209	1,411
Investment income	50	50	49	(1)	71
Other	105	105	122	17	606
Total revenues	<u>1,945</u>	<u>1,945</u>	<u>2,181</u>	<u>236</u>	<u>2,381</u>
Expenditures					
Current					
Parks and recreation	2,252	2,243	2,464	(221)	1,420
Capital outlay	-	-	2	(2)	-
Total expenditures	<u>2,252</u>	<u>2,243</u>	<u>2,466</u>	<u>(223)</u>	<u>1,420</u>
Change in fund balance	(307)	(298)	(285)	13	961
Fund balances, July 1	<u>7,265</u>	<u>7,265</u>	<u>7,265</u>	<u>-</u>	<u>6,304</u>
Fund balances, June 30	<u>\$ 6,958</u>	<u>\$ 6,967</u>	<u>\$ 6,980</u>	<u>\$ 13</u>	<u>\$ 7,265</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - POLICE SPECIAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	<u>2015</u>		<u>Actual</u>	<u>Variance with Final Budget- Pos (Neg)</u>	<u>2014 Actual</u>
	<u>Budget Amounts</u>				
	<u>Original</u>	<u>Final</u>			
Revenues					
Charges for services	\$ 3,687	\$ 3,687	\$ 2,312	\$ (1,375)	\$ 3,213
Investment income	200	200	37	(163)	58
Other	2,530	2,530	2,937	407	2,459
Total revenues	<u>6,417</u>	<u>6,417</u>	<u>5,286</u>	<u>(1,131)</u>	<u>5,730</u>
Expenditures					
Current					
Public safety	12,586	12,586	9,271	3,315	10,242
Capital outlay	140	140	89	51	1,786
Total expenditures	<u>12,726</u>	<u>12,726</u>	<u>9,360</u>	<u>3,366</u>	<u>12,028</u>
Other financing sources (uses)					
Transfers in	4,925	4,925	4,925	-	5,362
Total other financing sources (uses)	<u>4,925</u>	<u>4,925</u>	<u>4,925</u>	<u>-</u>	<u>5,362</u>
Change in fund balance	(1,384)	(1,384)	851	2,235	(936)
Fund balances, July 1	<u>5,925</u>	<u>5,925</u>	<u>5,925</u>	<u>-</u>	<u>6,861</u>
Fund balances, June 30	<u>\$ 4,541</u>	<u>\$ 4,541</u>	<u>\$ 6,776</u>	<u>\$ 2,235</u>	<u>\$ 5,925</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - RECYCLING REVENUE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Investment income	\$ 25	\$ 25	\$ 17	\$ (8)	\$ 21
Other	2,012	2,012	800	(1,212)	1,158
Total revenues	<u>2,037</u>	<u>2,037</u>	<u>817</u>	<u>(1,220)</u>	<u>1,179</u>
Expenditures					
Current					
Parks and recreation	716	716	145	571	186
Total expenditures	<u>716</u>	<u>716</u>	<u>145</u>	<u>571</u>	<u>186</u>
Other financing sources (uses)					
Transfers in	-	-	1,411	1,411	680
Transfers out	(1,882)	(1,882)	(2,461)	579	(852)
Total other financing sources (uses)	<u>(1,882)</u>	<u>(1,882)</u>	<u>(1,050)</u>	<u>(832)</u>	<u>(172)</u>
Change in fund balance	(561)	(561)	(378)	183	821
Fund balances, July 1	<u>2,508</u>	<u>2,508</u>	<u>2,508</u>	<u>-</u>	<u>1,687</u>
Fund balances, June 30	<u>\$ 1,947</u>	<u>\$ 1,947</u>	<u>\$ 2,130</u>	<u>\$ 183</u>	<u>\$ 2,508</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - SPECIAL WASTE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 2,727	\$ 2,727	\$ 2,765	\$ 38	\$ 2,743
Investment income	31	31	20	(11)	38
Other	-	-	5	5	-
Total revenues	<u>2,758</u>	<u>2,758</u>	<u>2,790</u>	<u>32</u>	<u>2,781</u>
Expenditures					
Current					
Health	3,323	3,323	3,205	118	2,479
Capital outlay	72	72	343	(271)	59
Total expenditures	<u>3,395</u>	<u>3,395</u>	<u>3,548</u>	<u>(153)</u>	<u>2,538</u>
Change in fund balance	(637)	(637)	(758)	(121)	243
Fund balances, July 1	<u>3,569</u>	<u>3,569</u>	<u>3,569</u>	<u>-</u>	<u>3,326</u>
Fund balances, June 30	<u>\$ 2,932</u>	<u>\$ 2,932</u>	<u>\$ 2,811</u>	<u>\$ (121)</u>	<u>\$ 3,569</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - SUPPLEMENTAL ENVIRONMENTAL PROJECT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015		Actual	Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Investment income	\$ 2	\$ 2	\$ -	\$ (2)	\$ 2
Other	110	110	33	(77)	115
Total revenues	<u>112</u>	<u>112</u>	<u>33</u>	<u>(79)</u>	<u>117</u>
Expenditures					
Current					
General government	128	128	133	(5)	39
Capital outlay	35	35	56	(21)	-
Total expenditures	<u>163</u>	<u>163</u>	<u>189</u>	<u>(26)</u>	<u>39</u>
Change in fund balance	(51)	(51)	(156)	(105)	78
Fund balances, July 1	<u>211</u>	<u>211</u>	<u>211</u>	<u>-</u>	<u>133</u>
Fund balances, June 30	<u>\$ 160</u>	<u>\$ 160</u>	<u>\$ 55</u>	<u>\$ (105)</u>	<u>\$ 211</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - SWIMMING POOL SAFETY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	2015			Variance with Final Budget- Pos (Neg)	2014 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 1,052	\$ 1,052	\$ 1,069	\$ 17	\$ 1,121
Investment income	1	1	6	5	7
Other	-	-	(2)	(2)	-
Total revenues	<u>1,053</u>	<u>1,053</u>	<u>1,073</u>	<u>20</u>	<u>1,128</u>
Expenditures					
Current					
Health	1,111	1,111	978	133	789
Capital outlay	48	48	-	48	-
Total expenditures	<u>1,159</u>	<u>1,159</u>	<u>978</u>	<u>181</u>	<u>789</u>
Change in fund balance	(106)	(106)	95	201	339
Fund balances, July 1	<u>799</u>	<u>799</u>	<u>799</u>	<u>-</u>	<u>460</u>
Fund balances, June 30	<u>\$ 693</u>	<u>\$ 693</u>	<u>\$ 894</u>	<u>\$ 201</u>	<u>\$ 799</u>

CITY OF HOUSTON, TEXAS

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Enterprise Funds

Enterprise funds are established to account for City operations that are financed and operated in a manner similar to private business enterprises where the cost of providing goods or services to the general public is financed primarily through user charges.

Airport System — This fund is used to account for the operations of the City's Airport System. The system is comprised of George Bush Intercontinental Airport, William P. Hobby Airport and Ellington Airport.

Convention and Entertainment Facilities — This fund is used to account for the operations of the City's major convention and entertainment centers, as well as parking facilities and selected downtown parks. These centers include George R. Brown Convention Center, Jones Hall, Wortham Theater Center, Houston Center for the Arts, Talento Bilingue de Houston, and Miller Outdoor Theater. The parking facilities include the Theater District Parking Garage, the Convention District Garage and various surface lots. Downtown parks include Sesquicentennial Park, Jones Plaza, Root Memorial Square, and Sabine Promenade.

Combined Utility System — This fund is used to account for the production and transmission of water and the treatment of wastewater for City residents and businesses as well as for other governmental entities located in the Houston area.

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Net Position
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Equity in pooled cash and investments	\$ 336,484	\$ 304,175
Receivables, net of allowances		
Accounts receivable	25,180	8,333
Due from other funds	873	1,544
Due from other governments	6,643	11,678
Inventory	1,538	1,489
Prepaid items	2,894	3,306
Restricted assets		
Investments	5,514	5,753
Total current assets	<u>379,126</u>	<u>336,278</u>
Noncurrent Assets		
Equity in pooled cash and investments	846,242	790,722
Investments	34,067	39,305
Prepaid items	1,584	1,706
Total noncurrent restricted assets	<u>881,893</u>	<u>831,733</u>
Capital assets		
Land	220,626	209,967
Buildings	3,197,979	3,173,894
Improvements and equipment	1,747,812	1,685,402
Construction in progress	236,163	120,187
Runway rights	11,798	10,782
Less accumulated depreciation	<u>(2,496,374)</u>	<u>(2,338,438)</u>
Net capital assets	<u>2,918,004</u>	<u>2,861,794</u>
Total noncurrent assets	<u>3,799,897</u>	<u>3,693,527</u>
Total assets	<u>\$ 4,179,023</u>	<u>\$ 4,029,805</u>
Deferred Outflows of Resources		
Unamortized costs on refunded debt	33,044	35,973
Deferred outflows on pension liability	10,446	-
Total Deferred Outflows of Resources	<u>43,490</u>	<u>35,973</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Net Position
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	2015	2014
Liabilities		
Current Liabilities		
Accounts payable	\$ 14,666	\$ 10,262
Accrued payroll liabilities	2,499	2,159
Accrued interest payable	48,638	50,840
Contracts and retainages payable	35,414	36,371
Due to other funds	361	314
Advances and deposits	1,980	1,876
Inferior lien contract	5,605	5,315
Claims and judgments	927	1,096
Compensated absences	5,570	5,511
Special facility bonds payable	5,160	3,945
Revenue bonds payable	65,730	54,965
Unearned revenue	1,974	2,287
Total current liabilities	188,524	174,941
Noncurrent liabilities		
Revenue bonds payable, net	2,156,900	2,229,504
Special facility bonds payable	96,895	101,485
Claims and judgments	1,210	1,588
Compensated absences	6,980	6,535
Contracts payable	111,620	32,803
Inferior lien contracts	12,155	17,760
Commercial paper	49,500	1,200
Municipal pension trust liability	248,348	51,988
Other post employment benefits	65,161	60,445
Unearned revenue	-	415
Pension obligation bonds payable	2,006	2,006
Total noncurrent liabilities	2,750,775	2,505,729
Total liabilities	2,939,299	2,680,670
Deferred Inflows of Resources		
Deferred Inflows on pension liability	1,847	-
Total Deferred Inflows of Resources	1,847	-
Net position		
Net investment in capital assets	466,196	469,971
Restricted net position		
Restricted for debt service	303,371	242,558
Restricted for renewal and replacement	10,000	10,000
Restricted for maintenance and operations	53,912	49,736
Restricted for special facility	25,732	30,986
Restricted for capital improvements	600,159	581,857
Unrestricted (deficit)	(178,003)	-
Total net position	\$ 1,281,367	\$ 1,385,108

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Landing area fees	\$ 93,575	\$ 88,342
Rentals, building and ground areas	197,039	186,505
Parking	97,515	90,173
Concession	83,169	82,528
Other	4,984	4,559
Total operating revenue	<u>476,282</u>	<u>452,107</u>
Operating Expenses		
Maintenance and operating	286,529	285,212
Depreciation and amortization	177,512	174,825
Total operating expenses	<u>464,041</u>	<u>460,037</u>
Operating income (loss)	<u>12,241</u>	<u>(7,930)</u>
Nonoperating revenues (expenses)		
Investment income(loss)	7,496	11,170
Customer facility charges	17,535	17,152
Special facility cost	(948)	(900)
Other revenue	7,969	3,225
Gain (Loss) on disposal of assets	(1,856)	(17,267)
Passenger facility charges	85,392	62,602
Interest expense on long-term debt	(89,999)	(94,183)
Total Nonoperating revenues (expenses)	<u>25,589</u>	<u>(18,201)</u>
Income(Loss) before contributions and transfers	<u>37,830</u>	<u>(26,131)</u>
Capital contributions	<u>36,432</u>	<u>44,614</u>
Change in net position	74,262	18,483
Beginning Net Position as previously reported	<u>1,385,108</u>	<u>1,357,450</u>
Cumulative effect of a change in accounting treatment	-	9,175
Cumulative effect of a change in accounting principle	(178,003)	-
Total net position, July 1	<u>1,207,105</u>	<u>1,366,625</u>
Total net position, June 30	<u>\$ 1,281,367</u>	<u>\$ 1,385,108</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Cash Flows
For the Year Ended June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Receipts from customers	\$ 469,062	\$ 451,197
Payments to employees	(99,326)	(97,177)
Payments to suppliers	(105,743)	(105,221)
Internal activity-payments to other funds	(57,553)	(49,539)
Claims paid	(928)	(1,096)
Other receipts	7,969	3,225
Net cash provided by operating activities	<u>213,481</u>	<u>201,389</u>
Cash flows from investing activities		
Interest income on investments	5,059	11,171
Purchase of investments	(2,033,660)	(1,900,557)
Proceeds from sale of investments	1,945,584	1,851,299
Net cash used for investing activities	<u>(83,017)</u>	<u>(38,087)</u>
Cash flows from noncapital financing activities		
Interest expense pension obligation bonds	(106)	(107)
Net cash used in noncapital financing activities	<u>(106)</u>	<u>(107)</u>
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(54,965)	(55,045)
Refunding of special facility bonds	(37,245)	-
Retirement of special facility bonds	(4,355)	(3,590)
Proceeds from issuance of special facility bonds	38,225	-
Costs of issuing special facility bonds	(899)	-
Proceeds from issuance of commercial paper	48,300	1,200
Interest expense on debt	(101,791)	(105,083)
Retirement of inferior lien contract	(5,315)	(5,040)
Passenger facilities charges	75,572	62,569
Customer facilities charges	17,540	17,172
Grant receipts	41,467	41,550
Acquisition of property, plant and equipment	(155,053)	(113,624)
Net cash used in capital and related financing activities	<u>(138,519)</u>	<u>(159,891)</u>
Net increase in cash and cash equivalents	(8,161)	3,304
Cash and cash equivalents, July 1	<u>52,632</u>	<u>49,328</u>
Cash and cash equivalents, June 30	<u>\$ 44,471</u>	<u>\$ 52,632</u>
Non cash transactions		
Capitalized interest expense	5,849	5,858
Grants included in receivables	(5,035)	3,064
Capital additions included in liabilities	(957)	(2,873)
Gain (loss) on disposal of assets	(1,410)	(17,267)
Total non cash transactions	<u>\$ (1,553)</u>	<u>\$ (11,218)</u>
Reconciliation of operating income(loss) to net cash provided by operating activities		
Operating income(loss)	\$ 12,241	\$ (7,930)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities		
Depreciation and amortization	177,512	174,825
Impairment of capital asset	-	7,709
Capital improvement plan expense	2,720	8,864
Other post employment benefits	4,716	6,251
Other revenues	7,969	3,225
Changes in assets and liabilities		
Accounts receivable	(7,012)	4,058
Due from other funds	671	237
Inventory and prepaid insurance	367	5,075
Accounts payable	4,404	175
Accrued payroll liabilities	340	351
Due to other funds	47	(58)
Advances and deposits	(209)	(4,967)
Claims and judgments - workers' compensation	(547)	(161)
Compensated absences	504	556
Pension Obligation payable	9,758	3,179
Net cash provided by operating activities	<u>\$ 213,481</u>	<u>\$ 201,389</u>

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Equity in pooled cash and investments	\$ 76,863	\$ 76,439
Receivables, net of allowances		
Accounts receivable	-	76
Hotel occupancy tax receivable	23,798	25,078
Due from component units	7,646	5,556
Due from other funds	112	113
Due from other governments	-	1,035
Prepaid items	760	859
Total current assets	<u>109,179</u>	<u>109,156</u>
Noncurrent Assets		
Equity in pooled cash and investments	37,774	51,042
Due from component units	303,471	258,091
Total noncurrent restricted assets	<u>341,245</u>	<u>309,133</u>
Capital assets		
Land	95,687	96,311
Buildings	577,760	557,952
Improvements and equipment	12,256	12,471
Infrastructure	334	334
Construction in progress	788	788
Garage rights	13,144	13,144
Less accumulated depreciation and amortization	(259,720)	(245,654)
Net capital assets	<u>440,249</u>	<u>435,346</u>
Total noncurrent assets	<u>781,494</u>	<u>744,479</u>
Total assets	<u>\$ 890,673</u>	<u>\$ 853,635</u>
Deferred Outflows of Resources		
Deferred outflow on pension liability	\$ 198	\$ -
Total Deferred Outflows of Resources	<u>198</u>	<u>-</u>

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	2015	2014
Liabilities		
Current Liabilities		
Accounts payable	\$ 371	\$ 217
Accrued payroll liabilities	38	43
Accrued interest payable	4,687	4,323
Commercial paper	-	42,000
Due to other funds	-	176
Due to component units	28,913	38,443
Advances and deposits	-	4
Compensated absences	69	49
Pension obligation bonds payable	65	65
Revenue bonds payable	27,870	22,415
Total current liabilities	62,013	107,735
Noncurrent liabilities		
Revenue bonds payable	649,955	553,875
Compensated absences	156	185
Arbitrage rebate	207	180
Municipal pension trust liability	5,897	4,938
Other post employment benefits	4,020	3,866
Unearned revenue	7,483	9,253
Pension obligation bonds payable	3,694	3,759
Total noncurrent liabilities	671,412	576,056
Total liabilities	733,425	683,791
Deferred Inflows of Resources		
Deferred inflow on pension liability	\$ 35	\$ -
Deferred inflow for unamortized cost on refunded debt	7,652	3,577
Total Deferred Inflows of Resources	7,687	3,577
Net Position		
Net investment in capital assets	79,996	96,145
Restricted net position		
Restricted for debt service	33,087	46,719
Restricted for renewal and replacement	1,025	1,044
Restricted for maintenance and operations	24,731	20,711
Unrestricted	10,920	1,648
Total net position	\$ 149,759	\$ 166,267

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	2015	2014
Operating Revenues		
Parking	\$ 11,010	\$ 9,744
Rental	1,380	1,380
Total operating revenue	12,390	11,124
Operating Expenses		
Maintenance and operating	79,312	73,190
Depreciation and amortization	14,375	14,219
Total operating expenses	93,687	87,409
Operating loss	(81,297)	(76,285)
Nonoperating revenue (expenses)		
Investment income	4,933	9,637
Hotel occupancy tax	90,711	90,119
Other revenue	334	292
Gain (loss) on disposal of assets	484	-
Interest on long-term debt	(29,684)	(25,907)
Total Nonoperating revenues (expenses)	66,778	74,141
Income before contributions and transfers	(14,519)	(2,144)
Transfers out	(1,380)	(1,380)
Total transfers	(1,380)	(1,380)
Change in net position	(15,899)	(3,524)
Beginning Net Position as previously reported	166,267	169,791
Cumulative effect of a change in accounting principle	(609)	-
Total net position, July 1	165,658	169,791
Total net position, June 30	\$ 149,759	\$ 166,267

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Cash Flows
For the Year Ended June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Receipts from customers	\$ 9,646	\$ 11,129
Payments to employees	(178)	(489)
Payments to suppliers	151	(673)
Internal activity-payments to other funds	(176)	279
Claims paid	-	(1)
Due to (from) other governments	-	(74)
Other expenses	(80,060)	(73,371)
Receipts from component units	<u>1,380</u>	<u>1,380</u>
Net cash used in operating activities	<u>(69,237)</u>	<u>(61,820)</u>
Cash flows from investing activities		
Interest income on investments	4,202	9,637
Purchase of investments	(163,257)	(178,888)
Proceeds from sale of investments	<u>176,479</u>	<u>171,896</u>
Net cash provided by investing activities	<u>17,424</u>	<u>2,645</u>
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(25,835)	(26,215)
Retirement of pension bonds	(65)	(60)
Refunding of revenue bonds	(119,285)	-
Proceeds from issuance of revenue bonds	233,963	-
Retirement of commercial paper	(42,000)	-
Interest expense on debt	(12,543)	(13,805)
Proceeds from sale of fixed assets	<u>1,237</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>35,472</u>	<u>(40,080)</u>
Cash flows from noncapital financing activities		
Payments from component unit	(75,995)	12,275
Hotel occupancy tax revenue	91,992	86,839
Interest expense on pension obligation bonds	<u>(10)</u>	<u>(10)</u>
Net cash provided by noncapital financing activities	<u>15,987</u>	<u>99,104</u>
Net decrease in cash and cash equivalents	(353)	(150)
Cash and cash equivalents, July 1	<u>803</u>	<u>953</u>
Cash and cash equivalents, June 30	<u>\$ 450</u>	<u>\$ 803</u>

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Cash Flows
For the Year Ended June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Non cash transactions		
Unrealized gain on investments	\$ (65)	\$ 492
Capital assets exchanged for receivable	(20,031)	-
Total non cash transactions	<u>\$ (20,096)</u>	<u>\$ 492</u>
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (81,907)	\$ (76,285)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation and amortization	14,375	14,219
Other post employment benefits	(10)	210
Other revenues	333	292
Changes in assets and liabilities		
Accounts receivable and prepaids	174	3
Arbitrage Rebate	27	44
Due from other funds	-	103
Accounts payable	154	(122)
Accrued payroll liabilities	(4)	(8)
Due to other funds	(176)	176
Due to other governments	-	(74)
Advances and deposits	(3)	-
Compensated absences	(9)	(168)
Deferred revenue	(3,150)	(290)
Pension Obligation payable	959	80
Net cash used in operating activities	<u>\$ (69,237)</u>	<u>\$ (61,820)</u>

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	2015	2014
Assets		
Current assets		
Equity in pooled cash and investments	\$ 747,425	\$ 720,060
Receivables, net of allowances		
Accounts receivable	96,941	104,728
Special assessments receivable	93	93
Due from other funds	9,844	12,195
Due from other governments	1,442	1,484
Inventory	11,564	12,258
Prepaid items	3,482	3,563
Total current assets	870,791	854,381
Noncurrent Assets		
Equity in pooled cash and investments	332,548	317,990
Prepays	13,040	15,673
Due from other governments	1,965	4,321
Amounts held by other governments	11,065	10,861
Total noncurrent restricted assets	358,618	348,845
Capital assets		
Land	135,560	134,540
Buildings	199,756	198,137
Improvements and equipment	162,288	154,087
Plants, lines and rights	9,973,335	9,705,332
Construction in progress	383,146	336,799
Water rights	545,035	462,065
Less accumulated depreciation and amortization	(5,168,276)	(5,001,590)
Net capital assets	6,230,844	5,989,370
Total noncurrent assets	6,589,462	6,338,215
Total assets	7,460,253	7,192,596
Deferred outflows of resources		
Deferred outflow on pension liability	16,182	-
SWAP liability/Unamortized cost on refunded debt	323,042	294,743
Total dererred outflows of resources	\$ 339,224	\$ 294,743

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 112,206	\$ 113,856
Accrued payroll liabilities	4,091	3,346
Accrued interest payable	34,126	37,531
Contracts payable	14,673	14,394
Due to other funds	5,060	5,817
Due to other governments	1,018	863
Advances and deposits	55,448	52,117
Pension obligation bonds payable ST	1,040	1,885
Claims and judgments	1,149	731
Compensated absences	9,938	9,793
Commercial paper payable	120,000	180,000
Revenue bonds payable	160,450	141,400
Total current liabilities	<u>519,199</u>	<u>561,733</u>
Noncurrent liabilities		
Revenue bonds payable	6,205,818	6,002,579
Claims and judgments	1,021	1,023
Compensated absences	10,600	10,315
Contracts payable	184,024	117,477
Arbitrage rebate	316	303
Municipal pension trust liability	382,777	80,140
Other post employment benefits	116,444	106,123
SWAP liability	237,501	215,742
Unearned revenue	325,723	326,110
Pension obligation bonds payable	58,232	59,272
Total noncurrent liabilities	<u>7,522,456</u>	<u>6,919,084</u>
Total liabilities	<u>8,041,655</u>	<u>7,480,817</u>
Deferred inflows of resources		
Deferred inflow on pension liability	2,900	-
Total deferred inflows of resources	<u>2,900</u>	<u>-</u>
Net Position		
Net investment in capital assets	359	(345,969)
Restricted net position		
Restricted for maintenance and operations	74,709	71,776
Restricted for capital improvements	1,442	1,484
Unrestricted	(321,588)	279,231
Total net position (deficit)	<u>\$ (245,078)</u>	<u>\$ 6,522</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Operating Revenues		
Water/Sewer Billing	\$ 927,424	\$ 953,408
Total operating revenue	<u>927,424</u>	<u>953,408</u>
Operating Expenses		
Maintenance and operating	428,732	399,647
Depreciation and amortization	231,048	223,381
Total operating expenses	<u>659,780</u>	<u>623,028</u>
Operating income	<u>267,644</u>	<u>330,380</u>
Nonoperating revenue (expenses)		
Investment income	7,685	10,688
Other revenue	37,910	69,370
Loss on disposal of assets	954	(5,397)
Interest on long-term debt	(265,013)	(291,122)
Contributions in	10,768	10,692
Total Nonoperating revenues (expenses)	<u>(207,696)</u>	<u>(205,769)</u>
Income before contributions and transfers	<u>59,948</u>	<u>124,611</u>
Capital contributions	<u>9,983</u>	<u>5,768</u>
Transfers in	70	70
Transfers out	(47,795)	(40,658)
Total transfers	<u>(47,725)</u>	<u>(40,588)</u>
Change in net position	22,206	89,791
Total net position, July 1, as previously reported	<u>6,522</u>	<u>(83,269)</u>
Cumulative effect of a change in an accounting principal	<u>(273,806)</u>	<u>-</u>
Beginning net assets, July 1	<u>(267,284)</u>	<u>(83,269)</u>
Total net position, June 30	<u>\$ (245,078)</u>	<u>\$ 6,522</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Cash Flows
For the Year Ended June 30, 2015
(With comparative amounts for 2014)
amounts expressed in thousands

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Receipts from customers	\$ 938,541	\$ 966,372
Payments to employees	(146,524)	(154,079)
Payments to suppliers	(213,745)	(163,423)
Internal activity-payments to other funds	(26,243)	(23,214)
Claims paid	(1,653)	(1,342)
Other revenues	37,911	69,369
Receipts from other governments	70	-
Net cash provided by operating activities	<u>588,357</u>	<u>693,683</u>
Cash flows from investing activities		
Interest income on investments	5,485	10,688
Purchase of investments	(1,779,858)	(1,685,614)
Proceeds from sale of investments	1,737,365	1,571,161
Net cash provided by (used in) investing activities	<u>(37,008)</u>	<u>(103,765)</u>
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(306,561)	(148,425)
Retirement of commercial paper	(180,000)	-
Refunding of revenue bonds	(138,992)	(1,594)
Proceeds from issuance of revenue bonds - net	732,284	113,455
Proceeds from issuance of commercial paper	120,000	180,000
Interest expense on debt	(278,795)	(292,396)
Proceeds from disposition of assets	3,487	2,123
Deferred bond issuance cost	9,769	(48,598)
Contributed capital	666	2,197
Deferred outflow on pension liability	(16,182)	-
Due from other governments	2,345	(40)
Acquisition of property, plant and equipment	(452,470)	(351,509)
Net cash used for capital and related financing activities	<u>(504,449)</u>	<u>(544,787)</u>
Cash flows from noncapital financing activities		
Interest expense on pension obligation bonds	(3,736)	(4,705)
Pension bond payable	1,860	(975)
Transfers to debt service fund	(12,039)	(13,094)
Transfers to other funds	(35,755)	(27,420)
Net cash used in noncapital financing activities	<u>(49,670)</u>	<u>(46,194)</u>
Net increase(decrease) in cash and cash equivalents	<u>(2,770)</u>	<u>(1,063)</u>
Cash and cash equivalents, July 1	<u>7,156</u>	<u>8,219</u>
Cash and cash equivalents, June 30	<u>\$ 4,386</u>	<u>\$ 7,156</u>
Non cash transactions		
Contributed Capital	(9,983)	(5,768)
Capitalized interest expense	12,600	13,132
CAB accretion interest	7,616	8,371
Gain on disposal of assets	(954)	5,397
Total non cash transactions	<u>\$ 9,279</u>	<u>\$ 21,132</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 267,713	\$ 330,380
Depreciation and amortization	231,048	223,381
Other post employment benefits	10,321	12,078
Other revenues	37,911	69,371
Accounts receivable	7,787	8,447
Due from other funds	2,351	(1,973)
Due from other governments	(49)	104
Inventory & prepaid insurance	775	1,268
Accounts payable	(1,650)	34,733
Accrued payroll liabilities	745	378
Due to other funds	(1,666)	4,084
Advances and deposits	3,330	4,520
Claims and judgments-workers' compensation	415	689
Compensated absences	431	354
Pension obligation payable	28,895	5,869
Net cash provided by operating activities	<u>\$ 588,357</u>	<u>\$ 693,683</u>



Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one city department to other city departments on a cost reimbursement basis.

Health Benefits — This fund is used to account for the costs incurred to provide City employees' health care and life insurance benefits.

Long-Term Disability — This fund is used to account for the costs incurred to provide City employees' long-term disability coverage.

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Net Position
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2015</u>	<u>2014</u>
Assets				
Current assets				
Cash and cash equivalents				
Equity in pooled cash and investments	\$ 67,553	\$ 9,607	\$ 77,160	\$ 74,823
Receivables, net of allowances				
Accounts receivable	1,667	-	1,667	1,398
Due from other funds	-	-	-	1
Due from other	21	-	21	59
Prepaid items	3	-	3	3
Total current assets	<u>69,244</u>	<u>9,607</u>	<u>78,851</u>	<u>76,284</u>
Capital assets				
Buildings, improvements and equipment	520	-	520	514
Construction in progress	-	-	-	8
Total capital assets	<u>520</u>	<u>-</u>	<u>520</u>	<u>522</u>
Less accumulated depreciation	(409)	-	(409)	(342)
Net capital assets	<u>111</u>	<u>-</u>	<u>111</u>	<u>180</u>
Total noncurrent assets	<u>111</u>	<u>-</u>	<u>111</u>	<u>180</u>
Total Assets	<u>69,355</u>	<u>9,607</u>	<u>78,962</u>	<u>76,464</u>
Liabilities				
Current Liabilities				
Accounts Payable	287	42	329	226
Accrued payroll liabilities	105	-	105	93
Due to other funds	476	-	476	2
Claims and judgments	20,240	1,721	21,961	22,053
Compensated absences	250	-	250	224
Unearned revenue	2,743	-	2,743	2,720
Total current liabilities	<u>24,101</u>	<u>1,763</u>	<u>25,864</u>	<u>25,318</u>
Noncurrent liabilities				
Claims and judgments	13,000	6,999	19,999	19,294
Compensated absences	233	-	233	221
Total noncurrent liabilities	<u>13,233</u>	<u>6,999</u>	<u>20,232</u>	<u>19,515</u>
Total liabilities	<u>37,334</u>	<u>8,762</u>	<u>46,096</u>	<u>44,833</u>
Net Position				
Net investment in capital assets	111	-	111	180
Unrestricted	31,910	845	32,755	31,451
Total net position	<u>\$ 32,021</u>	<u>\$ 845</u>	<u>\$ 32,866</u>	<u>\$ 31,631</u>

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2015</u>	<u>2014</u>
Operating Revenues				
Other	\$ 418	\$ -	\$ 418	\$ 4,282
Health benefit premiums	<u>326,938</u>	<u>1,278</u>	<u>328,216</u>	<u>336,361</u>
Total operating revenues	<u>327,356</u>	<u>1,278</u>	<u>328,634</u>	<u>340,643</u>
Operating Expenses				
Administrative costs	6,539	22	6,561	6,352
Claims Costs	319,376	1,951	321,327	312,946
Depreciation and amortization	<u>67</u>	<u>-</u>	<u>67</u>	<u>72</u>
Total operating expenses	<u>325,982</u>	<u>1,973</u>	<u>327,955</u>	<u>319,370</u>
Operating income (loss)	<u>1,374</u>	<u>(695)</u>	<u>679</u>	<u>21,273</u>
Nonoperating revenues (expenses)				
Investment income	<u>493</u>	<u>63</u>	<u>556</u>	<u>708</u>
Total Nonoperating revenues (expenses)	<u>493</u>	<u>63</u>	<u>556</u>	<u>708</u>
Income (loss) before contributions and transfers	<u>1,867</u>	<u>(632)</u>	<u>1,235</u>	<u>21,981</u>
Change in net position	1,867	(632)	1,235	21,981
Total net position (deficit), July 1	<u>30,154</u>	<u>1,477</u>	<u>31,631</u>	<u>9,650</u>
Total net position (deficit), June 30	<u>\$ 32,021</u>	<u>\$ 845</u>	<u>\$ 32,866</u>	<u>\$ 31,631</u>

**CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands**

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2015</u>	<u>2014</u>
Cash flows from operating activities				
Receipts from customers	\$ 326,669	\$ 1,278	\$ 327,947	\$ 334,967
Payments to employees	(4,421)	-	(4,421)	(4,037)
Payments to suppliers	(1,808)	7	(1,801)	(3,476)
Internal activity-payments to other funds	345	-	345	(13,525)
Claims paid	(319,424)	(1,322)	(320,746)	(303,072)
Due from other governments	37	-	37	108
Other revenues	418	-	418	4,282
Net cash provided by (used in) operating activities	<u>1,816</u>	<u>(37)</u>	<u>1,779</u>	<u>15,247</u>
Cash flows from investing activities				
Interest income on investments	493	63	556	708
Net cash provided by investing activities	<u>493</u>	<u>63</u>	<u>556</u>	<u>708</u>
Cash flows from capital and related financing activities				
Acquisition of property, plant and equipment	2	-	2	17
Net cash provided by capital and related financing activities	<u>2</u>	<u>-</u>	<u>2</u>	<u>17</u>
Net increase in cash and cash equivalents	2,311	26	2,337	15,972
Cash and cash equivalents, July 1	65,242	9,581	74,823	58,851
Cash and cash equivalents, June 30	<u>\$ 67,553</u>	<u>\$ 9,607</u>	<u>\$ 77,160</u>	<u>\$ 74,823</u>
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 1,374	\$ (695)	\$ 679	\$ 21,273
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	67	-	67	72
Accounts receivable	(269)	-	(269)	(1,394)
Due from other funds	1	-	1	716
Due from other governments	37	-	37	108
Accounts payable	96	7	103	(1,286)
Accrued payroll liabilities	12	-	12	25
Due to other funds	475	-	475	(14,116)
Claims for workers' compensation	(38)	651	613	9,908
Compensated absences	38	-	38	57
Deferred revenue	23	-	23	(116)
Net cash provided by (used in) operating activities	<u>\$ 1,816</u>	<u>\$ (37)</u>	<u>\$ 1,779</u>	<u>\$ 15,247</u>

Fiduciary Funds (Trust and Agency Funds)

Trust and Agency Funds are used to account for assets held by a government unit as trustee, or agent, for individuals, private organizations, other governmental units, and/or other funds.

Pension trust funds are used to account for the operation of the employee pension retirement programs. The funds include: Houston Firefighters' Relief and Retirement, Houston Municipal Employees', and Police Officers' funds.

Agency funds are custodial in nature, and assets equal liabilities with no measure of the results of operations or financial position. Agency funds include: Payroll Revolving, City Deposits, and Tax Clearing Funds.

CITY OF HOUSTON, TEXAS
PENSION TRUST FUNDS
Combining Statement of Plan Net Position
June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

		Firefighters' Relief and Retirement Pension Trust Fund
Assets		
Cash	\$	20,087
Investments		
U.S. government and agency securities		-
Corporate bonds		-
Other fixed income securities		1,216,922
Commingled equity funds		-
Common and preferred stock		1,503,799
Real estate, partnerships and alternatives		979,760
Short-term investment funds		143,479
Invested securities lending collateral		235,288
Receivables, net of allowances		
Due from broker		7
Contributions		3,597
Accrued interest and dividends		16,984
Other		12,042
Other assets		640
Land		483
Building		4,961
Total assets		4,138,049
 Liabilities and plan net position		
Liabilities		
Accounts payable		21,311
Securities lending collateral		235,288
Foreign funds contracts payable		3,732
Other liabilities		68
Total liabilities		260,399
 Plan net position held in trust for pension benefits	 \$	 3,877,650

(Continued)

Municipal Employees' Pension Trust Fund		Police Officers' Pension Trust Fund		2015	2014
\$	622	\$	352	\$ 21,061	\$ 4,850
	85,623		-	85,623	83,700
	225,280		-	225,280	223,849
	-		225,728	1,442,650	1,604,236
	393,973		-	393,973	382,672
	768,810		817,127	3,089,736	3,421,672
	914,954		2,319,640	4,214,354	3,958,352
	78,699		915,270	1,137,448	1,003,585
	101,533		50,613	387,434	319,456
	229		1,713	1,949	62,085
	-		26,669	30,266	29,684
	-		2,873	19,857	18,638
	24,652		9	36,703	39,958
	395		-	1,035	1,025
	-		-	483	483
	-		-	4,961	5,208
	<u>2,594,770</u>		<u>4,359,994</u>	<u>11,092,813</u>	<u>11,159,453</u>
	30,552		4,235	56,098	101,252
	101,533		50,613	387,434	319,456
	229		-	3,961	7,585
	5,912		623	6,603	6,019
	<u>138,226</u>		<u>55,471</u>	<u>454,096</u>	<u>434,312</u>
\$	<u>2,456,544</u>	\$	<u>4,304,523</u>	<u>\$ 10,638,717</u>	<u>\$ 10,725,141</u>

CITY OF HOUSTON, TEXAS
PENSION TRUST FUNDS
Combining Statement of Changes in Plan Net Position
For the Year Ended June 30, 2015
(With comparative totals for 2014)
amounts expressed in thousands

	Firefighters' Relief and Retirement Pension Trust Fund
Additions:	
Contributions	
City of Houston	\$ 92,609
Members	25,092
Total Contributions	117,701
Investment income	
Interest	57,318
Net appreciation(depreciation) in fair value of investments	(23,687)
Dividends	25,615
Income on securities lending	236
Earnings from real estate, limited partnerships real estate investments, and other investments	1,126
Other income	374
Total investment and other income (loss)	60,982
Less - investment expense	(9,522)
Less - cost of securities lending	342
Total additions (reductions)	169,503
Deductions:	
Benefits paid to members	195,493
Refunds to members	869
Other	8,316
Total deductions	204,678
Net increase (decrease)	(35,175)
Plan net position held in trust for pension benefits, beginning of year	3,912,825
Plan net position held in trust for pension benefits, end of year	\$ 3,877,650

(Continued)

Municipal Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	2015	2014
\$ 145,007	\$ 113,665	\$ 351,281	\$ 295,984
16,198	37,719	79,009	77,586
<u>161,205</u>	<u>151,384</u>	<u>430,290</u>	<u>373,570</u>
17,417	16,156	90,891	108,764
36,335	21,504	34,152	1,441,623
19,323	20,714	65,652	67,136
707	-	943	1,124
8,679	-	9,805	9,884
557	-	931	3,383
<u>83,018</u>	<u>58,374</u>	<u>202,374</u>	<u>1,631,914</u>
(8,384)	(23,125)	(41,031)	(40,811)
(223)	92	211	90
<u>235,616</u>	<u>186,725</u>	<u>591,844</u>	<u>1,964,763</u>
234,955	225,656	656,104	619,948
1,549	945	3,363	2,904
7,007	3,478	18,801	18,197
<u>243,511</u>	<u>230,079</u>	<u>678,268</u>	<u>641,049</u>
(7,895)	(43,354)	(86,424)	1,323,714
<u>2,464,439</u>	<u>4,347,877</u>	<u>10,725,141</u>	<u>9,401,427</u>
<u>\$ 2,456,544</u>	<u>\$ 4,304,523</u>	<u>\$ 10,638,717</u>	<u>\$ 10,725,141</u>

CITY OF HOUSTON, TEXAS
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2015
amounts expressed in thousands

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>
Payroll Revolving Fund				
Assets				
Equity in pooled cash and investments	\$ 6,652	\$ 7,658,168	\$ 7,658,519	\$ 6,301
Accounts receivable	190	2	16	176
Total assets	<u>\$ 6,842</u>	<u>\$ 7,658,170</u>	<u>\$ 7,658,535</u>	<u>\$ 6,477</u>
Liabilities				
Accounts payable	\$ 6,842	\$ 2,861,286	\$ 2,861,651	\$ 6,477
Total liabilities	<u>\$ 6,842</u>	<u>\$ 2,861,286</u>	<u>\$ 2,861,651</u>	<u>\$ 6,477</u>
City Deposit Fund				
Assets				
Equity in pooled cash and investments	\$ 131	\$ -	\$ -	\$ 131
Total assets	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131</u>
Liabilities				
Advances and deposits	\$ 131	\$ -	\$ -	\$ 131
Total liabilities	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131</u>
Tax Clearing Fund				
Assets				
Equity in pooled cash and investments	\$ 25,021	\$ 202,500	\$ 181,337	\$ 46,184
Due from other funds	-	5,292	-	5,292
Total assets	<u>\$ 25,021</u>	<u>\$ 207,792</u>	<u>\$ 181,337</u>	<u>\$ 51,476</u>
Liabilities				
Accounts payable	\$ 25,021	\$ 387,597	\$ 361,142	\$ 51,476
Total liabilities	<u>\$ 25,021</u>	<u>\$ 387,597</u>	<u>\$ 361,142</u>	<u>\$ 51,476</u>
Totals - All Agency Funds				
Assets				
Equity in pooled cash and investments	\$ 31,804	\$ 7,860,668	\$ 7,839,856	\$ 52,616
Accounts receivable	190	2	16	176
Due from other funds	-	5,292	-	5,292
Total assets	<u>\$ 31,994</u>	<u>\$ 7,865,962</u>	<u>\$ 7,839,872</u>	<u>\$ 58,084</u>
Liabilities				
Accounts payable	\$ 31,863	\$ 3,248,883	\$ 3,222,793	\$ 57,953
Advances and deposits	\$ 131	-	-	\$ 131
Total liabilities	<u>\$ 31,994</u>	<u>\$ 3,248,883</u>	<u>\$ 3,222,793</u>	<u>\$ 58,084</u>

Discretely Presented Component Units (Governmental and Business-type)

Discretely Presented Component Units are legally separate organizations that the City of Houston must include as a part of its financial reporting entity for fair presentation.

Governmental – This category is primarily comprised of advisory boards and redevelopment authorities:

- City Park Redevelopment Authority
- East Downtown Redevelopment Authority
- Fifth Ward Redevelopment Authority
- Fourth Ward Redevelopment Authority
- Greater Greenspoint Redevelopment Authority
- Greater Houston Convention and Visitors Bureau
- Gulfgate Redevelopment Authority
- Hardy/Near Northside Redevelopment Authority
- Houston Area Library Automated Network (HALAN)
- Houston Arts Alliance
- Houston Civic Events, Inc.
- Houston Downtown Park Corporation
- Houston Forensic Science LGC, Inc.
- Houston Media Source
- Houston Museum District Association
- Houston Parks Board LGC, Inc.
- Houston Public Library Foundation
- Houston Recovery Center, LGC
- Lake Houston Redevelopment Authority
- Lamar Terrace Public Improvement District
- Land Assemblage Redevelopment Authority
- Leland Woods Redevelopment Authority I
- Leland Woods Redevelopment Authority II
- Main Street Market Square Redevelopment Authority
- Memorial City Redevelopment Authority
- Memorial-Heights Redevelopment Authority
- Midtown Redevelopment Authority
- Miller Theatre Advisory Board, Inc.
- Old Sixth Ward Redevelopment Authority
- OST/Almeda Corridors Redevelopment Authority
- Saint George Place Redevelopment Authority
- South Post Oak Redevelopment Authority
- Southwest Houston Redevelopment Authority
- Stadium Park Redevelopment Authority
- Theater District Improvement, Inc.
- Upper Kirby Redevelopment Authority
- Uptown Development Authority

Business-type – This category is comprised of:

- Houston First Corporation
- Houston Housing Finance Corporation
- Houston Zoo Inc.

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
 Combining Statement of Net Position
 June 30, 2015
 amounts expressed in thousands

	City Park Redevelopment Authority	East Downtown Redevelopment Authority	Fifth Ward Redevelopment Authority	Fourth Ward Redevelopment Authority	Greater Greenspoint Redevelopment Authority	Greater Houston Convention & Visitors Bureau
Assets						
Current Assets						
Cash	\$ 619	\$ 2,425	\$ 500	\$ 2,424	\$ 21,511	\$ 10,556
Equity in pooled cash and investments	-	1,763	-	9,940	6,527	-
Receivables, net of allowances	-	-	-	-	-	-
Accounts receivable	-	914	26	-	7,400	676
Accrued interest and other	-	6	-	-	-	-
Due from primary government	-	-	-	-	-	-
Inventory	-	-	-	-	-	7
Prepaid items	-	-	-	1	-	84
Restricted assets	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Other receivables	4	-	-	-	-	-
Total current assets	<u>623</u>	<u>5,108</u>	<u>526</u>	<u>12,365</u>	<u>35,438</u>	<u>11,323</u>
Noncurrent Assets						
Investments	-	-	-	-	-	501
Deferred charges for issuance cost	-	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501</u>
Other assets, net of depreciation	-	-	-	-	-	-
Water rights, net of depreciation	-	-	-	-	-	-
Other long-term receivables	-	-	-	-	-	-
Garage Rights	-	-	-	-	-	-
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets	-	315	217	200	4,613	-
Land	-	315	217	200	4,613	-
Buildings, improvements and equipment	1,199	-	-	-	7,960	1,582
Plants, lines and rights	-	-	-	-	494	-
Construction in progress	-	-	-	-	-	-
Total capital assets	<u>1,199</u>	<u>315</u>	<u>217</u>	<u>200</u>	<u>13,067</u>	<u>1,582</u>
Less accumulated depreciation	-	-	-	-	-	-
Buildings, improvements and equipment	(527)	-	-	-	(850)	(991)
Accumulated depreciation	<u>(527)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(850)</u>	<u>(991)</u>
Net capital assets	<u>672</u>	<u>315</u>	<u>217</u>	<u>200</u>	<u>12,217</u>	<u>591</u>
Total noncurrent assets	<u>672</u>	<u>315</u>	<u>217</u>	<u>200</u>	<u>12,217</u>	<u>1,092</u>
Total assets	<u>1,295</u>	<u>5,423</u>	<u>743</u>	<u>12,565</u>	<u>47,655</u>	<u>12,415</u>
Liabilities						
Current Liabilities						
Accounts payable	3	29	78	16	124	91
Accrued payroll liabilities	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	377	8
Contracts and retainages payable	-	-	-	-	208	-
Notes payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Deferred Revenue	-	635	-	-	-	141
Current liabilities payable from restricted assets	-	-	-	-	-	-
Revenue bonds payable	-	-	-	-	1,520	-
Construction billings and retainages	-	-	-	-	-	-
Total current liabilities	<u>3</u>	<u>664</u>	<u>78</u>	<u>16</u>	<u>2,229</u>	<u>240</u>
Noncurrent liabilities	-	-	-	-	-	-
Notes payable	3,567	-	-	-	-	-
Revenue bonds payable	-	-	-	-	27,104	-
Due to the City of Houston	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Other long-term liabilities	-	-	-	-	-	104
Deferred revenue	-	-	-	-	-	-
Total Noncurrent liabilities	<u>3,567</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,104</u>	<u>104</u>
Total liabilities	<u>3,570</u>	<u>664</u>	<u>78</u>	<u>16</u>	<u>29,333</u>	<u>344</u>
Net position						
Net investment in capital assets	-	315	217	-	6,346	-
Restricted net position	-	-	-	-	5,520	-
Restricted for debt service	-	-	-	-	-	-
Restricted for maintenance and operations	-	-	-	-	-	-
Restricted for capital improvements	-	-	-	12,251	-	-
Other restricted	-	1,794	-	-	-	-
Unrestricted (deficit)	(2,275)	2,650	448	298	6,456	12,071
Total net position (deficit)	<u>\$ (2,275)</u>	<u>\$ 4,759</u>	<u>\$ 665</u>	<u>\$ 12,549</u>	<u>\$ 18,322</u>	<u>\$ 12,071</u>

	Gulfgate Redevelopment Authority	Hardy Near Northside Redevelopment Authority	Houston Area Library Automated Network Bd	Houston Arts Alliance	Houston Downtown Park Corporation	Houston Civic Events Inc	Houston Forensic Science, LGC
\$	1,047	\$ 327	\$ -	\$ 202	\$ -	\$ 530	\$ 2,282
	-	653	1,490	1,857	-	-	-
	317	2,367	-	2,017	-	45	-
	-	-	-	-	-	-	1,517
	-	-	-	27	-	342	64
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	1,364	3,347	1,490	4,103	-	917	3,863
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	5,416	-	-	-	56,986	-	-
	-	-	-	780	-	-	2,451
	-	-	-	-	-	-	-
	-	6,703	-	-	-	-	-
	5,416	6,703	-	780	56,986	-	2,451
	-	-	-	(611)	-	-	-
	-	-	-	(611)	-	-	-
	5,416	6,703	-	169	56,986	-	2,451
	5,416	6,703	-	169	56,986	-	2,451
	6,780	10,050	1,490	4,272	56,986	917	6,314
	47	2,373	3	336	-	28	-
	-	-	28	-	-	-	1,192
	47	-	-	-	-	-	-
	87	-	-	-	-	-	-
	425	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	1	-	-	-	-
	-	-	-	1,348	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	606	2,373	32	1,684	-	28	1,192
	2,953	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	447	-
	-	-	-	-	-	-	-
	2,953	-	-	-	-	447	-
	3,559	2,373	32	1,684	-	475	1,192
	3,897	6,703	-	-	56,986	-	2,451
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	2,169	-	-	-
	(676)	974	1,458	419	-	442	2,671
\$	3,221	\$ 7,677	\$ 1,458	\$ 2,588	\$ 56,986	\$ 442	\$ 5,122

See Note 14e

(Continued)

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Net Position
June 30, 2015
amounts expressed in thousands

	Houston Media Source	Houston Museum District Association	Houston Parks Board, Inc.	Houston Parks Board LGC, Inc	Houston Public Library Foundation	Houston Recovery Center, LGC
Assets						
Current Assets						
Cash	\$ 2,020	\$ 154	\$ -	\$ 2,588	\$ 689	\$ 984
Equity in pooled cash and investments	-	-	-	-	-	-
Receivables, net of allowances	-	733	-	667	-	-
Accounts receivable	-	-	-	-	-	-
Accrued interest and other	-	-	-	-	-	-
Due from primary government	619	-	-	-	-	240
Inventory	-	-	-	-	-	-
Prepaid items	44	2	-	-	-	-
Restricted assets	-	-	-	-	-	-
Investments	2,484	-	-	-	-	-
Other receivables	-	-	-	-	82	23
Total current assets	<u>5,167</u>	<u>889</u>	<u>-</u>	<u>3,255</u>	<u>771</u>	<u>1,247</u>
Noncurrent Assets						
Restricted assets						
Investments	-	-	-	-	20,852	-
Deferred charges for issuance cost	-	-	-	-	-	-
Total noncurrent restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,852</u>	<u>-</u>
Other assets, net of depreciation						
Water rights, net of depreciation	-	-	-	-	-	-
Other long-term receivables	-	-	-	-	-	-
Garage Rights	-	-	-	-	-	-
Total noncurrent restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets						
Land	-	-	-	8,729	-	-
Buildings, improvements and equipment	1,979	-	-	9,699	-	-
Plants, lines and rights	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total capital assets	<u>1,979</u>	<u>-</u>	<u>-</u>	<u>18,428</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation						
Buildings, improvements and equipment	(725)	-	-	-	-	-
Accumulated depreciation	<u>(725)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net capital assets	<u>1,254</u>	<u>-</u>	<u>-</u>	<u>18,428</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>1,254</u>	<u>-</u>	<u>-</u>	<u>18,428</u>	<u>20,852</u>	<u>-</u>
Total assets	<u>6,421</u>	<u>889</u>	<u>-</u>	<u>21,683</u>	<u>21,623</u>	<u>1,247</u>
Liabilities						
Current Liabilities						
Accounts payable	57	1	-	666	178	73
Accrued payroll liabilities	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Contracts and retainages payable	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Due to other governments	-	689	-	-	-	-
Compensated absences	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Deferred revenue	-	-	-	2,526	-	-
Current liabilities payable from restricted assets	-	-	-	-	-	-
Revenue bonds payable	-	-	-	-	-	-
Construction billings and retainages	-	-	-	-	-	-
Total current liabilities	<u>57</u>	<u>690</u>	<u>-</u>	<u>3,192</u>	<u>178</u>	<u>73</u>
Noncurrent liabilities						
Notes payable	-	-	-	-	-	-
Revenue bonds payable	-	-	-	-	251	-
Due to the City of Houston	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Other long-term liabilities	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251</u>	<u>-</u>
Total liabilities	<u>57</u>	<u>690</u>	<u>-</u>	<u>3,192</u>	<u>429</u>	<u>73</u>
Net position						
Net investment in capital assets	1,254	-	-	18,428	-	-
Restricted net position	-	-	-	-	-	-
Restricted for debt service	-	-	-	-	-	-
Restricted for maintenance and operations	2,771	-	-	-	-	-
Restricted for capital improvements	-	-	-	-	-	-
Other restricted	-	-	-	-	16,547	-
Unrestricted (deficit)	2,339	199	-	63	4,647	1,173
Total net position (deficit)	<u>\$ 6,364</u>	<u>\$ 199</u>	<u>\$ -</u>	<u>\$ 18,491</u>	<u>\$ 21,194</u>	<u>\$ 1,173</u>
		See Note 14e	See Note 14e			

Lake Houston Redevelopment Authority	Lamar Terrace Public Improvement District	Land Assemblage Redevelopment Authority	Leland Woods Redevelopment Authority I	Leland Woods Redevelopment Authority II	Main Street Market Square Redevelopment Authority	Memorial City Redevelopment Authority
\$ 5,793	\$ -	\$ 1,266	\$ 36	\$ 49	\$ 9,932	\$ 22,814
-	53	-	-	-	57,802	9,886
10,897	26	4	20	-	857	1
-	-	-	-	-	-	-
15	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1	1	-	-	-	-
-	-	3,317	-	-	-	-
-	-	-	-	-	633	-
<u>16,705</u>	<u>80</u>	<u>4,588</u>	<u>56</u>	<u>49</u>	<u>69,224</u>	<u>32,701</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,017	-	9,186
-	-	2	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2	-	1,017	-	9,186
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	2	-	1,017	-	9,186
-	-	2	-	1,017	-	9,186
<u>16,705</u>	<u>80</u>	<u>4,590</u>	<u>56</u>	<u>1,066</u>	<u>69,224</u>	<u>41,887</u>
17	-	57	7	-	1,448	1,630
-	11	-	-	-	-	-
226	-	-	-	-	425	551
-	-	-	-	-	-	268
-	-	-	-	-	500	-
10,897	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	26	-	-	-	-	-
-	-	-	-	-	1,895	2,765
-	-	-	-	-	-	-
<u>11,140</u>	<u>37</u>	<u>57</u>	<u>7</u>	<u>-</u>	<u>4,268</u>	<u>5,214</u>
2,014	-	-	-	789	525	-
-	-	-	-	-	61,211	39,325
-	-	-	-	-	-	-
15,899	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>17,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>789</u>	<u>61,736</u>	<u>39,325</u>
<u>29,053</u>	<u>37</u>	<u>57</u>	<u>7</u>	<u>789</u>	<u>66,004</u>	<u>44,539</u>
-	-	-	-	228	-	9,186
-	-	-	-	-	8,245	3,816
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,547	-	-	-	-
(12,348)	43	2,986	49	49	(5,025)	(15,654)
<u>\$ (12,348)</u>	<u>\$ 43</u>	<u>\$ 4,533</u>	<u>\$ 49</u>	<u>\$ 277</u>	<u>\$ 3,220</u>	<u>\$ (2,652)</u>

(Continued)

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Net Position
June 30, 2015
amounts expressed in thousands

	Memorial- Heights Redevelopment Authority	Midtown Redevelopment Authority	Miller Theatre Advisory Board, Inc.	Old Sixth Ward Redevelopment Authority	OST/Almeda Corridors Redevelopment Authority	Saint George Place Redevelopment Authority
Assets						
Current Assets						
Cash	5,565	\$ 20,555	\$ 1,077	\$ 1,146	\$ 26	\$ 1,786
Equity in pooled cash and investments	-	19,041	-	-	23,463	225
Receivables, net of allowances	-	-	-	-	-	-
Accounts receivable	-	5,620	629	-	-	7
Accrued interest and other	-	-	-	-	-	-
Due from primary government	-	-	-	-	-	-
Inventory	-	42,430	-	-	-	-
Prepaid items	1	-	-	2	-	-
Restricted assets	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Other receivables	-	503	38	-	892	-
Total current assets	<u>5,566</u>	<u>88,149</u>	<u>1,744</u>	<u>1,148</u>	<u>24,381</u>	<u>2,018</u>
Noncurrent Assets						
Restricted assets	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Deferred charges for issuance cost	-	-	-	-	-	-
Total noncurrent restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets, net of depreciation	-	-	-	-	-	-
Water rights, net of depreciation	-	-	-	-	-	-
Other long-term receivables	-	-	-	-	-	-
Garage Rights	-	-	-	-	-	-
Total noncurrent restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets						
Land	-	12,946	-	-	3,154	-
Buildings, improvements and equipment	-	7,157	-	-	-	-
Plants, lines and rights	-	-	-	-	-	-
Construction in progress	-	5,679	-	-	-	-
Total property, plant & equipment	<u>-</u>	<u>25,782</u>	<u>-</u>	<u>-</u>	<u>3,154</u>	<u>-</u>
Less accumulated depreciation and						
Buildings, improvements and equipment	<u>-</u>	<u>(3,730)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated depreciation	-	(3,730)	-	-	-	-
Net capital assets	<u>-</u>	<u>22,052</u>	<u>-</u>	<u>-</u>	<u>3,154</u>	<u>-</u>
Total noncurrent assets	<u>-</u>	<u>22,052</u>	<u>-</u>	<u>-</u>	<u>3,154</u>	<u>-</u>
Total assets	<u>5,566</u>	<u>110,201</u>	<u>1,744</u>	<u>1,148</u>	<u>27,535</u>	<u>2,018</u>
Liabilities						
Current Liabilities						
Accounts payable	90	1,747	8	28	2,323	1,228
Accrued payroll liabilities	-	-	-	-	-	-
Accrued interest payable	-	1,598	-	42	367	22
Contracts and retainages payable	-	229	243	-	-	-
Notes payable	-	3,494	-	120	-	-
Due to other governments	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Other liabilities - current	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Current liabilities payable from restricted assets	-	-	-	-	-	-
Revenue bonds payable	-	4,695	-	-	1,410	150
Construction billings and retainages	-	-	-	-	-	-
Total current liabilities	<u>90</u>	<u>11,763</u>	<u>251</u>	<u>190</u>	<u>4,100</u>	<u>1,400</u>
Noncurrent liabilities						
Notes payable	-	3,802	-	2,182	-	-
Revenue bonds payable	-	69,065	-	-	21,424	4,698
Due to the City of Houston	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
Other long-term liabilities	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	7
Total Noncurrent liabilities	<u>-</u>	<u>72,867</u>	<u>-</u>	<u>2,182</u>	<u>21,424</u>	<u>4,705</u>
Total liabilities	<u>90</u>	<u>84,630</u>	<u>251</u>	<u>2,372</u>	<u>25,524</u>	<u>6,104</u>
Net Position						
Investment in capital assets	-	9,044	-	-	3,154	-
Restricted net assets	-	-	-	-	-	-
Restricted for debt service	-	15,911	-	-	4,969	204
Restricted for maintenance and operations	-	-	-	-	-	-
Restricted for capital improvements	-	41,243	-	-	16,652	-
Other restricted	-	4,111	1,078	-	-	(24)
Unrestricted	5,476	(44,738)	415	(1,224)	(22,764)	(4,266)
Total net position (deficit)	<u>\$ 5,476</u>	<u>\$ 25,571</u>	<u>\$ 1,493</u>	<u>\$ (1,224)</u>	<u>\$ 2,011</u>	<u>\$ (4,086)</u>

South Post Oak Redevelopment Authority	Southwest Houston Redevelopment Authority	Stadium Park Redevelopment Authority	Theatre District Improvement Inc	Upper Kirby Redevelopment Authority	Uptown Development Authority	Total
\$ 834	\$ 6,848	\$ 20	\$ 1	\$ 1,440	\$ 86,053	\$ 214,099
-	25,647	-	-	32,405	-	190,752
292	1	-	-	-	-	33,516
-	-	-	-	-	-	6
-	-	-	943	-	-	3,334
-	-	-	-	-	-	42,437
-	-	-	-	-	-	569
-	-	-	-	-	-	5,801
-	-	-	-	-	-	2,175
<u>1,126</u>	<u>32,496</u>	<u>20</u>	<u>944</u>	<u>33,845</u>	<u>86,053</u>	<u>492,689</u>
-	-	-	-	-	-	21,353
-	-	-	-	-	283	283
-	-	-	-	-	283	21,636
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,673	-	-	13,509	9,081	127,042
-	-	-	-	4	2,735	35,548
-	-	-	-	-	-	494
-	-	-	-	-	-	12,382
-	<u>1,673</u>	<u>-</u>	<u>-</u>	<u>13,513</u>	<u>11,816</u>	<u>175,466</u>
-	-	-	-	-	-	(7,434)
-	-	-	-	-	-	(7,434)
-	<u>1,673</u>	<u>-</u>	<u>-</u>	<u>13,513</u>	<u>11,816</u>	<u>168,032</u>
-	<u>1,673</u>	<u>-</u>	<u>-</u>	<u>13,513</u>	<u>12,099</u>	<u>189,668</u>
<u>1,126</u>	<u>34,169</u>	<u>20</u>	<u>944</u>	<u>47,358</u>	<u>98,152</u>	<u>682,357</u>
5	69	-	944	1,693	13,621	29,018
-	-	-	-	-	-	1,231
2	499	-	-	569	1,619	6,352
848	-	-	-	438	-	2,321
-	-	-	-	2,814	-	7,353
-	-	-	-	33	654	12,273
-	-	-	-	-	-	1
-	-	-	-	-	-	1,348
-	-	-	-	-	-	3,328
-	2,695	-	-	-	5,810	20,940
874	-	-	-	-	-	874
<u>1,729</u>	<u>3,263</u>	<u>-</u>	<u>944</u>	<u>5,547</u>	<u>21,704</u>	<u>85,039</u>
-	-	-	-	39,216	-	55,048
-	44,255	-	-	-	105,325	372,407
-	-	-	-	-	-	251
-	-	-	-	-	-	15,899
-	-	-	-	-	-	551
-	-	-	-	-	-	7
-	<u>44,255</u>	<u>-</u>	<u>-</u>	<u>39,216</u>	<u>105,325</u>	<u>444,163</u>
<u>1,729</u>	<u>47,518</u>	<u>-</u>	<u>944</u>	<u>44,763</u>	<u>127,029</u>	<u>529,202</u>
-	1,673	-	-	13,514	11,817	145,213
-	1,637	-	-	2,002	19,814	62,118
-	-	-	-	-	-	2,771
-	22,970	-	-	17,210	50,345	160,671
-	-	-	-	-	-	27,222
(603)	(39,629)	20	-	(30,131)	(110,853)	(244,840)
<u>\$ (603)</u>	<u>\$ (13,349)</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 2,595</u>	<u>\$ (28,877)</u>	<u>\$ 153,155</u>

See Note 14e

See Note 14e

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2015
amounts expressed in thousands

Net (Expense) Revenue and Change in Net Position

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	City Park Redevelopment Authority	East Downtown Redevelopment Authority	Fifth Ward Redevelopment Authority	Fourth Ward Redevelopment Authority	Greater Greenspoint Redevelopment Authority
Component Units									
City Park Redevelopment Authority	\$ 204	\$ -	\$ -	\$ -	\$ (204)	\$ -	\$ -	\$ -	\$ -
East Downtown Redevelopment Authority	3,008	-	-	-	-	(3,008)	-	-	-
Fifth Ward Redevelopment Authority	345	-	-	-	-	-	(345)	-	-
Fourth Ward Redevelopment Authority	734	-	-	-	-	-	-	(734)	-
Greater Greenspoint Redevelopment Authority	5,438	-	-	-	-	-	-	-	(5,438)
Greater Houston Convention and Visitors Bureau	11,203	639	10,693	-	-	-	-	-	-
Gulfgate Redevelopment Authority	901	-	-	-	-	-	-	-	-
Hardy Near Northside Redevelopment Authority	66	6,742	-	-	-	-	-	-	-
Houston Area Library Automated Network	1,868	-	1,589	-	-	-	-	-	-
Houston Arts Alliance	9,987	2,297	152	6,859	-	-	-	-	-
Houston Civic Events, Inc.	1,232	1,674	-	-	-	-	-	-	-
Houston Downtown Park Corporation	289	203	35	797	-	-	-	-	-
Houston Forensic Science LGC, Inc.	20,333	22,958	-	-	-	-	-	-	-
Houston Media Source, Inc.	1,399	2,457	-	4	-	-	-	-	-
Houston Museum District Association	3,079	3,048	-	-	-	-	-	-	-
Houston Parks Board, LGC, Inc.	359	-	8,491	-	-	-	-	-	-
Houston Public Library Foundation	2,299	-	470	584	-	-	-	-	-
Houston Recovery Center LGC, Inc.	2,212	-	2,516	-	-	-	-	-	-
Lake Houston Redevelopment Authority	12,560	-	-	-	-	-	-	-	-
Lamar Terrace Public Improvement District	-	-	-	-	-	-	-	-	-
Land Assemblage Redevelopment Authority	668	21	(5,709)	-	-	-	-	-	-
Leland Woods Redevelopment Authority I	89	-	-	-	-	-	-	-	-
Leland Woods Redevelopment Authority II	61	-	-	-	-	-	-	-	-
Main Street Market Square Redevelopment Authority	13,177	14,704	-	-	-	-	-	-	-
Memorial City Redevelopment Authority	12,627	-	-	-	-	-	-	-	-
Memorial-Heights Redevelopment Authority	3,240	-	-	-	-	-	-	-	-
Midtown Redevelopment Authority	11,916	-	-	-	-	-	-	-	-
Miller Theatre Advisory Board, Inc.	2,672	-	2,801	-	-	-	-	-	-
Old Sixth Ward Redevelopment Authority	513	-	-	-	-	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	26,500	-	709	-	-	-	-	-	-
Saint George Place Redevelopment Authority	746	-	-	-	-	-	-	-	-
South Post Oak Redevelopment Authority	112	-	-	-	-	-	-	-	-
Southwest Houston Redevelopment Authority	2,825	-	-	-	-	-	-	-	-
Stadium Park Redevelopment Authority	-	-	-	-	-	-	-	-	-
Theater District Improvement, Inc.	5,961	-	5,961	-	-	-	-	-	-
Upper Kirby Redevelopment Authority	13,675	-	-	-	-	-	-	-	-
Uptown Development Authority	37,936	-	-	-	-	-	-	-	-
Total component units	210,234	54,743	27,708	\$ 8,244	(204)	(3,008)	(345)	(734)	(5,438)
General Revenues:									
Taxes									
Property Taxes - general purposes / tax increments					594	2,409	402	2,299	11,054
Property Taxes levied for debt service					-	-	-	-	-
Industrial assessments tax					-	-	-	-	-
Sales tax					-	-	-	-	-
Franchise tax					-	-	-	-	-
Mixed beverage tax					-	-	-	-	-
Bingo tax					-	-	-	-	-
Hotel occupancy tax					-	-	-	-	-
Intergovernmental - grants					-	-	-	-	-
Contributions					-	-	-	-	-
Unrestricted investment earnings (loss)					-	2	-	5	8
Other					-	-	-	-	-
Special Items - Loss on sale of assets					-	-	-	-	-
Transfers					-	-	-	-	-
Total general revenues and transfers					594	2,411	402	2,304	11,062
Change in net position					390	(597)	57	1,570	5,624
Net Position (deficit) beginning					(2,665)	5,356	609	10,979	12,698
Change in Reporting Entity					-	-	-	-	-
Net Position (deficit) ending					\$ (2,275)	\$ 4,759	\$ 666	\$ 12,549	\$ 18,322

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2015
amounts expressed in thousands

Functions/Programs	Houston Museum District Association	Houston Parks Board, Inc	Houston Parks Board LGC	Houston Public Library Foundation	Houston Recovery Center LGC	Lake Houston Redevelopment Authority
Component Units						
City Park Redevelopment Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East Downtown Redevelopment Authority	-	-	-	-	-	-
Fifth Ward Redevelopment Authority	-	-	-	-	-	-
Fourth Ward Redevelopment Authority	-	-	-	-	-	-
Greater Greenspoint Redevelopment Authority	-	-	-	-	-	-
Greater Houston Convention and Visitors Bureau	-	-	-	-	-	-
Gulfgate Redevelopment Authority	-	-	-	-	-	-
Hardy Near Northside Redevelopment Authority	-	-	-	-	-	-
Houston Area Library Automated Network	-	-	-	-	-	-
Houston Arts Alliance	-	-	-	-	-	-
Houston Civic Events, Inc.	-	-	-	-	-	-
Houston Downtown Park Corporation	-	-	-	-	-	-
Houston Forensic Science LGC, Inc.	-	-	-	-	-	-
Houston Media Source, Inc.	-	-	-	-	-	-
Houston Museum District Association	(31)	-	-	-	-	-
Houston Parks Board, LGC, Inc.	-	-	8,131	-	-	-
Houston Public Library Foundation	-	-	-	(1,245)	-	-
Houston Recovery Center LGC, Inc.	-	-	-	-	304	-
Lake Houston Redevelopment Authority	-	-	-	-	-	(12,560)
Lamar Terrace Public Improvement District	-	-	-	-	-	-
Land Assemblage Redevelopment Authority	-	-	-	-	-	-
Leland Woods Redevelopment Authority I	-	-	-	-	-	-
Leland Woods Redevelopment Authority II	-	-	-	-	-	-
Main Street Market Square Redevelopment Authority	-	-	-	-	-	-
Memorial City Redevelopment Authority	-	-	-	-	-	-
Memorial-Heights Redevelopment Authority	-	-	-	-	-	-
Midtown Redevelopment Authority	-	-	-	-	-	-
Miller Theatre Advisory Board, Inc.	-	-	-	-	-	-
Old Sixth Ward Redevelopment Authority	-	-	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	-	-	-	-	-	-
Saint George Place Redevelopment Authority	-	-	-	-	-	-
South Post Oak Redevelopment Authority	-	-	-	-	-	-
Southwest Houston Redevelopment Authority	-	-	-	-	-	-
Stadium Park Redevelopment Authority	-	-	-	-	-	-
Theater District Improvement, Inc.	-	-	-	-	-	-
Upper Kirby Redevelopment Authority	-	-	-	-	-	-
Uptown Development Authority	-	-	-	-	-	-
Total component units	(31)	0	8,131	(1,245)	304	(12,560)
General Revenues:						
Taxes						
Property Taxes - general purposes / tax increments	-	-	-	-	-	14,672
Property Taxes levied for debt service	-	-	-	-	-	-
Industrial assessments tax	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-
Mixed beverage tax	-	-	-	-	-	-
Bingo tax	-	-	-	-	-	-
Hotel occupancy tax	-	-	-	-	-	-
Intergovernmental - grants	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Unrestricted investment earnings (loss)	-	-	-	-	-	4
Other	-	-	-	322	-	-
Special Items - Loss on sale of assets	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Total general revenues, special items, and transfers	-	-	-	322	-	14,676
Change in net Position	(31)	-	8,131	(923)	304	2,116
Net Position (deficit) beginning	230	50,924	10,359	22,117	869	(14,464)
Change in Reporting Entity	-	(50,924)	-	-	-	-
Net Position (deficit) ending	\$ 199	\$ -	\$ 18,490	\$ 21,194	\$ 1,173	\$ (12,348)
	See Note 14e	See Note 14e				

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2015
amounts expressed in thousands

Net (Expense) Revenue and Change in Net Position							
Functions/Programs	Old Sixth Ward Redevelopment Authority	OST/Almeda Corridors Redevelopment Authority	Saint George Place Redevelopment Authority	South Post Oak Redevelopment Authority	Southwest Houston Redevelopment Authority	Stadium Park Redevelopment Authority	Theater District Improvement Inc
Component Units							
City Park Redevelopment Authority	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
East Downtown Redevelopment Authority	-	-	-	-	-	-	-
Fifth Ward Redevelopment Authority	-	-	-	-	-	-	-
Fourth Ward Redevelopment Authority	-	-	-	-	-	-	-
Greater Greenspoint Redevelopment Authority	-	-	-	-	-	-	-
Greater Houston Convention and Visitors Bureau	-	-	-	-	-	-	-
Gulfgate Redevelopment Authority	-	-	-	-	-	-	-
Hardy Near Northside Redevelopment Authority	-	-	-	-	-	-	-
Houston Area Library Automated Network	-	-	-	-	-	-	-
Houston Arts Alliance	-	-	-	-	-	-	-
Houston Civic Events, Inc.	-	-	-	-	-	-	-
Houston Downtown Park Corporation	-	-	-	-	-	-	-
Houston Forensic Science LGC, Inc.	-	-	-	-	-	-	-
Houston Media Source, Inc.	-	-	-	-	-	-	-
Houston Museum District Association	-	-	-	-	-	-	-
Houston Parks Board, LGC, Inc.	-	-	-	-	-	-	-
Houston Public Library Foundation	-	-	-	-	-	-	-
Houston Recovery Center LGC, Inc.	-	-	-	-	-	-	-
Lake Houston Redevelopment Authority	-	-	-	-	-	-	-
Lamar Terrace Public Improvement District	-	-	-	-	-	-	-
Land Assemblage Redevelopment Authority	-	-	-	-	-	-	-
Leland Woods Redevelopment Authority I	-	-	-	-	-	-	-
Leland Woods Redevelopment Authority II	-	-	-	-	-	-	-
Main Street Market Square Redevelopment Authority	-	-	-	-	-	-	-
Memorial City Redevelopment Authority	-	-	-	-	-	-	-
Memorial-Heights Redevelopment Authority	-	-	-	-	-	-	-
Midtown Redevelopment Authority	-	-	-	-	-	-	-
Miller Theatre Advisory Board, Inc.	-	-	-	-	-	-	-
Old Sixth Ward Redevelopment Authority	(513)	-	-	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	-	(25,791)	-	-	-	-	-
Saint George Place Redevelopment Authority	-	-	(746)	-	-	-	-
South Post Oak Redevelopment Authority	-	-	-	(112)	-	-	-
Southwest Houston Redevelopment Authority	-	-	-	-	(2,826)	-	-
Stadium Park Redevelopment Authority	-	-	-	-	-	-	-
Theater District Improvement, Inc.	-	-	-	-	-	-	-
Upper Kirby Redevelopment Authority	-	-	-	-	-	-	-
Uptown Development Authority	-	-	-	-	-	-	-
Total component units	(513)	(25,791)	(746)	(112)	(2,826)	-	-
General Revenues:							
Taxes							
Property Taxes - general purposes / tax increments	919	9,228	1,682	1,160	6,241	-	-
Property Taxes levied for debt service	-	-	-	-	-	-	-
Industrial assessments tax	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-	-
Mixed beverage tax	-	-	-	-	-	-	-
Bingo tax	-	-	-	-	-	-	-
Hotel occupancy tax	-	-	-	-	-	-	-
Intergovernmental - grants	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	20	-
Unrestricted investment earnings (loss)	1	11	1	-	131	-	-
Other	-	2	4	-	-	-	-
Special Items - Loss on sale of assets	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total general revenues, special items, and transfers	920	9,241	1,687	1,160	6,372	20	-
Change in net Position	407	(16,550)	941	1,048	3,546	20	-
Net Position (deficit) beginning	(1,631)	18,561	(5,026)	(1,651)	(16,895)	-	-
Change in Reporting Entity	-	-	-	-	-	-	-
Net Position (deficit) ending	\$ (1,224)	\$ 2,011	\$ (4,085)	\$ (603)	\$ (13,349)	\$ 20	\$ -

See Note 14e See Note 14e

Upper Kirby Redevelopment Authority	Uptown Development Authority	Total
\$ -	\$ -	\$ (204)
-	-	(3,008)
-	-	(345)
-	-	(734)
-	-	(5,438)
-	-	129
-	-	(901)
-	-	6,676
-	-	(279)
-	-	(679)
-	-	442
-	-	746
-	-	2,625
-	-	1,062
-	-	(31)
-	-	8,132
-	-	(1,245)
-	-	304
-	-	(12,559)
-	-	-
-	-	(6,356)
-	-	(89)
-	-	(61)
-	-	1,527
-	-	(12,627)
-	-	(3,240)
-	-	(11,916)
-	-	129
-	-	(513)
-	-	(25,791)
-	-	(746)
-	-	(112)
-	-	(2,826)
-	-	-
-	-	-
(13,675)	-	(13,675)
-	(37,936)	(37,936)
<u>(13,675)</u>	<u>(37,936)</u>	<u>(119,539)</u>
10,146	39,843	140,038
-	-	-
644	-	644
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	20
-	94	1,384
-	-	1,557
-	-	-
-	-	-
<u>10,790</u>	<u>39,937</u>	<u>143,643</u>
<u>(2,885)</u>	<u>2,001</u>	<u>24,104</u>
<u>5,479</u>	<u>(30,878)</u>	<u>179,976</u>
-	-	(50,924)
<u>\$ 2,594</u>	<u>\$ (28,877)</u>	<u>\$ 153,156</u>

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS TYPE
Combining Statement of Net Position
June 30, 2015
amounts expressed in thousands

	Houston First Corporation See Note 14	Houston Housing Finance Corp	Houston Zoo Inc.	Total
Assets				
Current assets				
Cash	\$ 69,435	\$ 28,833	\$ 18,507	\$ 116,775
Investments	-	-	16,292	16,292
Receivables, net of allowances				
Accounts receivable	3,929	1,341	2,223	7,493
Accrued interest and other	-	120	-	120
Due from component units	-	-	-	-
Internal balances	-	-	-	-
Due from primary government	7,149	-	-	7,149
Due from other governments	-	-	-	-
Inventory	-	-	163	163
Prepaid items	1,726	-	703	2,429
Restricted assets				
Investments	175,229	-	-	175,229
Other receivables	3,812	372	-	4,184
Total current assets	<u>261,280</u>	<u>30,666</u>	<u>37,888</u>	<u>329,834</u>
Noncurrent Assets				
Cash and cash equivalents	-	2,679	-	2,679
Investments	30,026	-	7,443	37,469
Assessments receivable	-	-	-	-
Accrued interest receivable	-	484	-	484
Due from affiliates	-	-	-	-
Amounts held by other governments	-	-	-	-
Receivable and deposits	-	19,903	-	19,903
Deferred charges for issuance cost	-	-	-	-
Other long-term receivables	39,922	-	-	39,922
Total noncurrent assets	<u>69,948</u>	<u>23,066</u>	<u>7,443</u>	<u>100,457</u>
Capital assets				
Land	14,824	-	-	14,824
Buildings, improvements and equipment	324,883	1,884	120,138	446,905
Total capital assets	<u>339,707</u>	<u>1,884</u>	<u>120,138</u>	<u>461,729</u>
Less accumulated depreciation				
Buildings, improvements and equipment	(100,863)	-	(27,277)	(128,140)
Accumulated depreciation	<u>(100,863)</u>	<u>-</u>	<u>(27,277)</u>	<u>(128,140)</u>
Net capital assets	<u>238,844</u>	<u>1,884</u>	<u>92,861</u>	<u>333,589</u>
Total noncurrent assets	<u>308,792</u>	<u>24,950</u>	<u>100,304</u>	<u>434,046</u>
Total assets	<u>570,072</u>	<u>55,616</u>	<u>138,192</u>	<u>763,880</u>
Deferred Outflow of Resources	394	-	-	\$ 394
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	29,834	1,938	1,782	33,554
Accrued payroll liabilities	-	-	898	898
Contracts and retainages payable	-	-	4,095	4,095
Notes payable	9,764	-	-	9,764
Due to component units	-	-	-	-
Due to City of Houston	-	-	-	-
Advances and deposits	-	-	-	-
Claims for workers' compensation	-	-	-	-
Claims and judgments	-	-	-	-
Compensated absences	-	-	-	-
Other liabilities - current	850	-	-	850
Deferred revenue	337	-	104	441
Current liabilities payable from restricted assets				
Accounts payable	-	-	-	-
Due to City of Houston	-	-	-	-
Accrued interest payable	3,113	-	-	3,113
Advances and deposits	-	-	-	-
Construction billings and retainages	-	-	-	-
Total current liabilities	<u>43,898</u>	<u>1,938</u>	<u>6,879</u>	<u>52,715</u>
Noncurrent liabilities				
Notes payable	382,054	-	-	382,054
Revenue bonds payable	-	-	-	-
Claims and judgments	-	-	-	-
Compensated absences	-	-	-	-
Due to City of Houston	-	2,300	-	2,300
Contracts payable	-	-	-	-
General tax obligation debt	-	-	-	-
Commercial paper	-	-	-	-
Arbitrage rebate	-	-	-	-
Other long-term liabilities	-	12	-	12
Accrued maintenance, repair and replacement cost	-	-	-	-
Due to City of Houston	-	-	-	-
Municipal pension trust liability	-	-	-	-
Police officers' pension trust liability	-	-	-	-
Fire fighter's pension trust liability	-	-	-	-
Deferred revenue	9,072	-	-	9,072
Deferred rent	-	-	-	-
Total noncurrent liabilities	<u>391,126</u>	<u>2,312</u>	<u>-</u>	<u>393,438</u>
Total liabilities	<u>435,024</u>	<u>4,250</u>	<u>6,879</u>	<u>446,153</u>
Net position				
Net Investment in capital assets	3,001	1,492	-	4,493
Restricted net position				
Restricted for debt service	9,296	-	-	9,296
Restricted for renewal and replacement	-	-	-	-
Restricted for maintenance and operations	-	-	-	-
Restricted for others' capital improvement	-	-	-	-
Restricted for capital improvements	-	-	-	-
Other restricted	-	-	37,839	37,839
Unrestricted (deficit)	<u>123,145</u>	<u>49,874</u>	<u>93,474</u>	<u>266,493</u>
Total net position (deficit)	<u>\$ 135,442</u>	<u>\$ 51,366</u>	<u>\$ 131,313</u>	<u>\$ 318,121</u>

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE
Combining Statement of Activities
For the Year Ended June 30, 2015
amounts expressed in thousands

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Component Units				
Houston First Corporation	165,762	117,435	79,696	\$ -
Houston Housing Finance Corp.	1,914	493	100	-
Houston Zoo Inc.	38,840	32,429	17,661	-
Other Component Units	-	-	-	-
Totals	<u>\$ 206,516</u>	<u>\$ 150,357</u>	<u>\$ 97,457</u>	<u>\$ -</u>

General Revenues:

Taxes
Property Taxes levied for general purposes/tax increments
Unrestricted investment earnings
Other
Total general revenues and transfers
Change in net position
Net Position (deficit) beginning
Change in Accounting Principle
Change in Accounting Entity
Net Position (deficit) ending

(Continued)

Net (Expense) Revenue and Change in Net Position			
Houston			
First	Houston	Houston	
Corporation	Housing	Zoo, Inc.	Total
See Note 14	Finance Corp.		
31,369	-	-	31,369
-	(1,321)	-	(1,321)
-	-	11,250	11,250
-	-	-	-
<u>31,369</u>	<u>(1,321)</u>	<u>11,250</u>	<u>41,298</u>
-	750	-	750
851	1,496	581	2,928
5,348	495	576	6,419
<u>6,199</u>	<u>2,739</u>	<u>1,157</u>	<u>10,095</u>
37,568	1,418	12,407	51,393
97,874	49,948	118,906	266,728
-	-	-	-
-	-	-	-
<u>\$ 135,442</u>	<u>\$ 51,366</u>	<u>\$ 131,313</u>	<u>\$ 318,121</u>

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS TYPE
Statement of Cash Flows
For the Year Ended June 30, 2015
amounts expressed in thousands

	Houston First Corporation See Note 14	Houston Housing Finance Corp.	Houston Zoo Inc.	Total Component Units
Cash flows from operating activities				
Receipts from customers	\$ 123,245	\$ 2,727	\$ 13,684	\$ 139,656
Payments to employees	(42,360)	-	-	(42,360)
Payments to suppliers	(73,524)	-	-	(73,524)
Other revenues	-	-	-	-
Receipts from City of Houston	67,588	-	-	67,588
Other revenues (expenses)	(39,578)	(1,277)	-	(40,855)
Net cash provided by operating activities	<u>35,371</u>	<u>1,450</u>	<u>13,684</u>	<u>50,505</u>
Cash flows from investing activities				
Advances on long-term receivables	32,820	(7,812)	-	25,008
Interest income on investments	(31,724)	9,654	-	(22,070)
Purchase of investments	(209,959)	-	(26,888)	(236,847)
Proceeds from sale of investments	98,882	-	5,896	104,778
Change in cash restricted for capital acquisition	-	(97)	-	(97)
Net cash provided by (used in) investing activities	<u>(109,981)</u>	<u>1,745</u>	<u>(20,992)</u>	<u>(129,228)</u>
Cash flows from capital and related financing activities				
Contributed capital	9,000	-	-	9,000
Acquisition of property, plant and equipment	(23,805)	-	-	(23,805)
Interest expense	(10,727)	-	-	(10,727)
Receipt of tax rebates	2,001	-	-	2,001
Payments to the City of Houston	(7,840)	-	-	(7,840)
Proceeds from sale of fixed assets	-	-	7,874	7,874
Proceeds from refunding	89,167	-	-	89,167
Net cash provided by (used for) capital and related financing activities	<u>57,796</u>	<u>-</u>	<u>7,874</u>	<u>65,670</u>
Cash flows from noncapital financing activities				
Promotional contract paid from hotel occupancy tax revenues to component units	-	-	-	-
Contributions to others	-	-	-	-
Transfers	-	-	-	-
Other revenues	-	578	-	578
Payments to Hotel Corporation	-	-	-	-
Hotel occupancy tax revenue	-	-	-	-
Contributions to others	-	-	-	-
Excess funds from Bond Series	27,000	-	-	27,000
Payments on notes payable	(1,631)	-	-	(1,631)
Net cash provided by noncapital financing activities	<u>25,369</u>	<u>578</u>	<u>-</u>	<u>25,947</u>
Net increase in cash and cash equivalents	8,555	3,772	566	12,894
Cash and cash equivalents, July 1	<u>60,880</u>	<u>27,740</u>	<u>17,942</u>	<u>106,562</u>
Cash and cash equivalents, June 30	<u>\$ 69,435</u>	<u>\$ 31,512</u>	<u>\$ 18,508</u>	<u>\$ 119,456</u>
Non cash transactions				
Amortization expense	-	-	-	-
Transfer of property - Urban Homesteading Program	-	-	-	-
Contributions	-	-	-	-
Capitalized interest expense	6,399	-	-	6,399
Gain (Loss) on disposal of assets	-	-	-	-
Total non cash transactions	<u>\$ 6,399</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,399</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (Loss)	\$ 2,281	\$ 1,419	\$ 12,407	16,107
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	7,773	46	4,915	12,734
Bad debt expense	-	5	-	5
Other revenues	(9,814)	-	(7,915)	(17,729)
Other expenses	-	398	-	398
Net due from component unit	-	-	-	-
Changes in assets and liabilities:				
Contracts receivable				
Accounts receivable	-	-	2,130	2,130
Contracts receivable	-	-	-	-
Inventory	-	-	17	17
Other assets	-	-	35	35
Accounts payable and accrued expenses	(864)	-	2,440	1,576
Accrued payroll liabilities	-	33	(345)	(312)
Advances and deposits	-	(100)	-	(100)
Accrued interest on contracts payable	2,816	(351)	-	2,465
Other revenues				
Construction and retainages payable	-	-	-	-
Other long-term liabilities	33,179	-	-	33,179
Net cash provided by operating activities	<u>\$ 35,371</u>	<u>\$ 1,450</u>	<u>\$ 13,684</u>	<u>\$ 50,505</u>

Statistical Section

(Unaudited)

This part of the City's Statistical comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Content</u>	<u>Page</u>
Financial Trends	216
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	228
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	233
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	243
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	250
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

CITY OF HOUSTON, TEXAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net investment in capital assets	\$ 3,340,355	\$ 3,480,924	\$ 3,515,596	\$ 3,670,130	\$ 3,677,425	\$ 3,696,510	\$ 3,783,152	\$ 3,959,260	\$ 4,102,861	\$ 4,250,590
Restricted	159,092	170,297	213,567	161,147	199,459	179,691	182,831	117,949	174,158	192,129
Unrestricted	(727,282)	(969,830)	(1,310,289)	(1,629,514)	(1,928,202)	(2,168,298)	(2,343,970)	(2,469,700)	(2,651,151)	(5,487,349)
Total governmental activities net position	\$ 2,772,165	\$ 2,681,391	\$ 2,418,874	\$ 2,201,763	\$ 1,948,682	\$ 1,707,903	\$ 1,622,013	\$ 1,607,509	\$ 1,625,868	\$ (1,044,630)
Business-type activities										
Net investment in capital assets	\$ 976,834	\$ 745,459	\$ 551,820	\$ 668,465	\$ 893,832	\$ 733,936	\$ 666,936	\$ 573,460	\$ 240,888	\$ 546,551
Restricted	545,792	641,613	784,895	824,219	842,298	850,895	871,409	949,449	1,024,548	1,131,835
Unrestricted	99,666	104,542	135,860	(17,815)	(102,094)	25,183	(25,444)	(6,835)	280,879	(488,671)
Total business-type activities net position	\$ 1,622,292	\$ 1,491,614	\$ 1,472,575	\$ 1,474,869	\$ 1,634,036	\$ 1,610,014	\$ 1,512,901	\$ 1,516,074	\$ 1,546,315	\$ 1,189,715
Primary government										
Net investment in capital assets	\$ 4,317,189	\$ 4,226,383	\$ 4,067,416	\$ 4,338,595	\$ 4,571,257	\$ 4,430,446	\$ 4,450,088	\$ 4,532,720	\$ 4,343,749	\$ 4,797,141
Restricted	704,884	811,910	998,462	985,366	1,041,757	1,030,586	1,054,240	1,067,398	1,198,706	1,323,964
Unrestricted	(627,616)	(865,288)	(1,174,429)	(1,647,329)	(2,030,296)	(2,143,115)	(2,369,414)	(2,476,535)	(2,370,272)	(5,976,020)
Total primary government net position	\$ 4,394,457	\$ 4,173,005	\$ 3,891,449	\$ 3,676,632	\$ 3,582,718	\$ 3,317,917	\$ 3,134,914	\$ 3,123,583	\$ 3,172,183	\$ 145,085

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 130,807	\$ 130,026	\$ 193,928	\$ 219,584	\$ 232,466	\$ 230,868	\$ 270,279	\$ 239,586	\$ 247,481	\$ 359,640
Public safety	1,102,253	1,230,266	1,400,837	1,460,992	1,485,999	1,393,450	1,431,987	1,514,034	1,598,854	1,858,766
Public works	266,723	275,165	317,749	417,953	305,768	308,506	289,395	298,462	318,888	336,311
Health	102,716	101,865	129,197	136,766	139,693	128,320	111,891	121,988	133,159	150,931
Housing and community development	318,450	80,171	59,182	62,793	96,349	95,730	71,417	88,143	51,626	65,275
Parks and recreation	72,309	85,274	102,758	97,398	93,676	91,492	89,379	90,261	93,637	112,844
Library	37,242	39,180	49,687	48,015	48,721	44,887	42,455	44,913	48,724	49,374
Retiree benefits	-	-	-	-	-	-	-	-	-	-
Interest in long-term debt	136,563	135,134	126,349	129,324	151,807	150,640	157,407	151,893	143,231	158,212
Depreciation and amortization	125,517	111,918	110,174	115,050	119,719	130,111	126,303	130,620	132,817	138,016
Total governmental activities expenses	2,292,580	2,188,999	2,489,861	2,687,875	2,674,198	2,574,004	2,590,515	2,679,900	2,768,417	3,229,368
Business-type activities :										
Airport System	431,392	442,757	459,521	472,253	504,472	537,253	542,387	530,070	561,443	556,844
Convention & Entertainment Facilities	99,271	105,846	110,576	114,110	105,703	107,523	42,387	42,418	113,316	123,371
Combined Utility System	752,122	818,831	846,368	842,518	849,674	866,336	913,503	898,725	919,547	924,793
Houston Area Water Corporation	17,428	20,568	17,485	14,867	9,949	-	-	-	-	-
Parking Management	-	-	-	4,919	6,969	-	-	-	-	-
Total business-type activities expenses	1,300,213	1,388,002	1,433,950	1,448,667	1,476,767	1,511,112	1,498,277	1,471,213	1,594,306	1,605,008
Total primary government expenses	\$ 3,592,793	\$ 3,577,001	\$ 3,923,811	\$ 4,136,542	\$ 4,150,965	\$ 4,085,116	\$ 4,088,792	\$ 4,151,113	\$ 4,362,723	\$ 4,834,376
Program Revenues										
Governmental activities:										
Charges for services:										
General government	52,083	34,839	11,104	22,601	20,544	31,831	69,017	34,379	63,338	70,322
Public safety	103,719	110,222	131,221	136,450	143,274	132,220	141,965	139,087	188,521	171,996
Public works	49,797	53,856	53,375	46,404	45,011	45,211	171,177	238,836	266,422	215,038
Health	12,574	13,563	17,093	16,836	15,110	16,968	18,081	18,563	17,710	17,665
Housing	-	-	-	-	900	-	-	-	-	-
Parks and recreation	6,687	6,930	4,683	7,578	6,977	7,796	7,576	8,361	7,475	8,676
Library	1,010	675	1,035	1,056	1,261	919	979	1,356	1,681	1,637
Operating grants and contributions	467,956	246,737	232,203	393,157	346,945	293,350	303,085	312,959	277,700	305,363
Capital grants and contributions	69,438	101,099	76,497	45,354	109,190	68,801	-	-	-	67,533
Total governmental activities program revenues	763,264	567,921	527,211	669,436	689,212	597,096	711,880	753,541	822,847	858,230
Business-type activities:										
Charges for services:										
Airport System	393,861	416,138	447,176	386,777	406,579	410,402	417,550	432,994	452,107	476,282
Convention & Entertainment Facilities	19,599	20,554	22,306	20,902	31,833	25,456	8,934	10,372	11,124	12,390
Combined Utility System	642,662	615,465	648,269	687,238	691,162	879,176	917,238	924,690	953,408	927,424
Houston Area Water Corporation	-	-	13,045	13,250	-	-	-	-	-	-
Parking Management	-	-	-	-	13,676	-	-	-	-	-
Operating grants and contributions	4,020	2,740	4,749	4,574	10,710	22,858	12,014	10,834	10,692	10,768
Capital grants and contributions	109,728	61,717	132,728	192,815	58,672	46,616	22,984	19,800	50,382	46,415
Total business-type activities program revenues	1,169,870	1,116,614	1,268,273	1,305,556	1,212,632	1,384,508	1,378,720	1,398,690	1,477,713	1,473,279
Total primary government program revenues	\$ 1,933,134	\$ 1,684,535	\$ 1,795,484	\$ 1,974,992	\$ 1,901,844	\$ 1,981,604	\$ 2,090,600	\$ 2,152,231	\$ 2,300,560	\$ 2,331,509
Net (expense)/revenue										
Governmental activities	\$ (1,529,316)	\$ (1,621,078)	\$ (1,962,650)	\$ (2,018,439)	\$ (1,984,986)	\$ (1,976,908)	\$ (1,878,635)	\$ (1,926,359)	\$ (1,945,570)	\$ (2,371,138)
Business-type activities	(130,343)	(271,388)	(165,677)	(143,111)	(264,135)	(126,604)	(119,557)	(72,523)	(116,593)	(131,729)
Total primary government net expense	\$ (1,659,659)	\$ (1,892,466)	\$ (2,128,327)	\$ (2,161,550)	\$ (2,249,121)	\$ (2,103,512)	\$ (1,998,192)	\$ (1,998,882)	\$ (2,062,163)	\$ (2,502,867)

(Continued)

CITY OF HOUSTON, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 700,788	\$ 738,578	\$ 829,837	\$ 890,308	\$ 895,779	\$ 853,277	\$ 866,143	\$ 906,761	\$ 973,902	\$ 1,074,070
Industrial assessments tax	14,314	15,823	17,787	19,133	15,817	14,458	37	29,845	16,534	16,736
Sales taxes	422,598	461,417	495,173	507,103	468,965	492,824	546,543	600,256	629,441	667,061
Franchise taxes	186,508	189,551	190,518	190,800	191,292	190,911	193,153	195,664	190,368	190,245
Mixed beverage taxes	9,000	9,713	10,479	10,587	10,382	10,283	9,525	9,887	13,869	15,784
Bingo taxes	279	279	256	226	195	167	193	196	187	209
Investment earnings	19,889	32,017	36,516	30,087	16,673	6,666	8,944	1,086	9,737	7,639
Other	33,674	23,261	58,743	66,459	53,101	79,633	67,313	68,586	98,479	94,700
Contributions	-	-	-	17,047	7,666	4,674	12,167	26,767	17,364	30,525
Gain (loss) on sale of assets	4,816	2,071	-	-	-	-	-	-	-	32,525
Transfers	70,651	57,594	60,824	69,578	72,035	76,976	75,878	72,807	41,968	49,105
Total governmental activities	<u>1,462,517</u>	<u>1,530,304</u>	<u>1,700,133</u>	<u>1,801,328</u>	<u>1,731,905</u>	<u>1,729,869</u>	<u>1,779,896</u>	<u>1,911,855</u>	<u>1,991,849</u>	<u>2,178,599</u>
Business-type activities:										
Hotel occupancy taxes	54,765	58,709	66,232	62,383	54,917	61,603	68,623	76,325	90,119	90,711
Investment earnings	54,212	88,658	96,492	88,737	57,736	30,303	21,340	6,638	31,491	20,114
Other	26,923	45,552	44,738	63,863	105,462	92,172	98,017	109,906	143,775	150,440
Contributions	-	-	-	-	-	-	-	-	-	-
Special Items - gain (loss) on sale of as	-	5,385	-	-	-	-	(89,658)	(61,282)	-	-
Transfers	(70,651)	(57,594)	(60,824)	(69,578)	(72,035)	(81,496)	(75,878)	(55,891)	(41,968)	(49,105)
Total business-type activities	<u>65,249</u>	<u>140,710</u>	<u>146,638</u>	<u>145,405</u>	<u>146,080</u>	<u>102,582</u>	<u>22,444</u>	<u>75,696</u>	<u>223,417</u>	<u>212,160</u>
Total primary government	<u>\$ 1,527,766</u>	<u>\$ 1,671,014</u>	<u>\$ 1,846,771</u>	<u>\$ 1,946,733</u>	<u>\$ 1,877,985</u>	<u>\$ 1,832,451</u>	<u>\$ 1,802,340</u>	<u>\$ 1,987,551</u>	<u>\$ 2,215,266</u>	<u>\$ 2,390,759</u>
Change in Net Position										
Governmental activities	\$ (66,799)	\$ (90,774)	\$ (262,517)	\$ (217,111)	\$ (253,081)	\$ (247,039)	\$ (85,890)	\$ (14,504)	\$ 46,279	\$ (192,559)
Business-type activities	(65,094)	(130,678)	(19,039)	2,294	(118,055)	(24,022)	(97,113)	3,173	106,824	80,431
Total primary government	<u>\$ (131,893)</u>	<u>\$ (221,452)</u>	<u>\$ (281,556)</u>	<u>\$ (214,817)</u>	<u>\$ (371,136)</u>	<u>\$ (271,061)</u>	<u>\$ (183,003)</u>	<u>\$ (11,331)</u>	<u>\$ 153,103</u>	<u>\$ (112,128)</u>

CITY OF HOUSTON, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General fund					
Reserved	\$ 51,671	\$ 21,489	\$ 22,040	\$ 22,836	\$ 23,003
Unreserved	198,759	256,610	309,466	281,111	201,019
Non-spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 250,430</u>	<u>\$ 278,099</u>	<u>\$ 331,506</u>	<u>\$ 303,947</u>	<u>\$ 224,022</u>
All other governmental funds					
Reserved	\$ 179,267	\$ 193,924	\$ 235,074	\$ 201,334	\$ 237,112
Unreserved , reported in:					
Special revenue funds	66,407	94,056	119,482	111,454	82,713
Capital projects funds	-	-	-	-	-
Grant funds	9,963	8,258	7,553	(9,762)	19,196
Non-spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 255,637</u>	<u>\$ 296,238</u>	<u>\$ 362,109</u>	<u>\$ 303,026</u>	<u>\$ 339,021</u>

In 2011 the City implemented GASB Statement No. 54, which changed the fund balance classifications.

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
19,052	15,687	14,792	14,016	16,450
1,665	35,868	63,696	44,120	27,096
20,698	8,547	6,892	3,407	6,111
30	-	-	-	-
127,143	153,125	190,950	200,731	301,231
<u>\$ 168,588</u>	<u>\$ 213,227</u>	<u>\$ 276,330</u>	<u>\$ 262,274</u>	<u>\$ 350,888</u>

\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
418	887	1,303	5,290	2,436
176,457	338,997	350,827	327,576	266,501
73,636	52,351	59,693	71,969	87,040
32,172	19,873	46,008	106,607	125,061
<u>\$ 282,683</u>	<u>\$ 412,108</u>	<u>\$ 457,831</u>	<u>\$ 511,442</u>	<u>\$ 481,038</u>

CITY OF HOUSTON
GENERAL FUND BUDGET FOR FISCAL YEAR 2016
(amounts expressed in thousands)
(unaudited)

Budgeted Resources	Amount (in thousands)
Revenues:	
Ad Valorem Taxes (current and delinquent)	\$ 1,114,029
Sales and Use Tax	688,837
Franchise Fees	187,792
Municipal Courts Fines and Forfeits	28,698
Miscellaneous	249,795
Total Current Revenues	2,269,151
Beginning Fund Balance as of July 1, 2015 (a)	239,723
Sale of Capital Assets	5,500
Transfers from Other Funds	30,725
Total Budgeted Resources	\$ 2,545,099

Budgeted Expenditures	
Administrative Services and Public Finance	\$ 132,942
Public Safety	1,358,386
Development and Maintenance Services	161,654
Human and Cultural Services	185,369
General Government	206,902
Debt Service and PAYGO Capital Projects	346,000
Total Budgeted Expenditures	2,391,253
Budgeted Ending Fund Balance as of June 30, 2016	153,846
Total Budgeted Expenditures and Reserves	\$ 2,545,099

(a) This amount represents an estimate of the beginning fund balance which was used in preparing the Fiscal Year 2016 Budget.

CITY OF HOUSTON, TEXAS
June 30, 2015
CONTINUING DEBT DISCLOSURE INFORMATION
(amounts expressed in thousands)
(unaudited)

Capital Improvement Plan

The 2016-2020 CIP consists of the projects and facilities described in the following chart. (The 2016-2020 CIP also includes proposed improvements for the Combined Utility System, Airport System and Convention and Entertainment Facilities, which are financed primarily with revenues of those enterprise systems and, therefore, are not included in the table below).

	Amount (in thousands)
Streets, Bridges and Traffic Control	\$ 795,801
Storm Sewers and Drainage	414,190
Parks and Recreation	105,389
Bayou Greenways	166,934
Police Department	72,652
Fire Department	60,161
General Government	91,028
Public Library	48,829
Public Health	55,915
Solid Waste Management	19,468
Homeless and Housing	7,946
Technology	34,770
Fleet	217,552
Total	<u>\$ 2,090,635 (*)</u>

(*) The tax-supported component of the 2016-2020 CIP addresses a full range of capital facility and infrastructure improvements. The voter authorized improvements are expected to be initially financed with Commercial Paper Notes. The remaining amount is expected to be funded by grants, funds from agencies participating in joint capital improvement projects with the City and various other sources.

General Fund Indirect Charges to Other City Funds

A charge is made by the General Fund to the Water and Sewer System, Airport System, and Convention and Entertainment Facilities Funds, and to certain grant and special revenue funds for indirect charges incurred by the General Fund on behalf of such funds.

Fiscal Year	Total Indirect Charges (in thousands)
2015	25,328
2014	18,558
2013	16,908
2012	18,255
2011	16,328
2010	16,012
2009	13,190
2008	10,950

CITY OF HOUSTON
CONTINUING DEBT DISCLOSURE INFORMATION
June 30, 2015
Long Term Disability and Compensated Absence Liability
(unaudited)

Long-Term Disability Fund	Fiscal Year 2015 (in thousands)
Assets Available for Future Long-Term Disability Obligations	\$ 9,607
Claims Payable on Long-Term Disability Obligations	(8,762)
Unrestricted Net Assets	<u>\$ 845</u>

Compensated Absence Liability	Fiscal Year 2015 (in thousands)
General Fund Short-Term Liability	\$ 48,910
Other Governmental Short-Term Liability	91,644
Enterprise Funds Liability	33,297
Internal Service Funds Liability	483
Governmental Funds Long-Term Liability	319,923
Total	<u>\$ 494,257</u>

General Fund Specific Charges to Other City Funds
(unaudited)

An additional charge made by the General Fund to the Combined Utility System, Airport, Convention and Entertainment Facilities Funds, the Capital Projects Fund and certain other funds of the City for specific services provided to such funds by the General Fund.

Fiscal Year	Total Direct Charges for Specific Services (in thousands)
2015	47,851
2014	43,257
2013	43,519
2012	41,469
2011	46,034
2010	46,906
2009	47,890
2008	41,395

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
CHANGES IN FUND BALANCES IN GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues					
Taxes	\$ 1,338,651	\$ 1,425,575	\$ 1,545,102	\$ 1,617,937	\$ 1,579,516
Licenses and permits	42,524	55,912	62,132	58,126	55,275
Intergovernmental	512,279	319,864	300,717	435,715	403,519
Charges for services	133,161	119,250	112,554	121,418	124,790
Fines	51,441	57,305	57,001	57,037	60,036
Investment earnings	19,889	32,017	36,516	30,087	16,673
Contributions	-	-	-	737	20
Other	34,971	23,555	55,535	62,714	55,599
Total revenues	<u>2,132,916</u>	<u>2,033,478</u>	<u>2,169,557</u>	<u>2,383,771</u>	<u>2,295,428</u>
Expenditures					
General Government	241,772	236,638	144,337	178,064	197,803
Public safety	1,012,747	1,088,922	1,107,522	1,221,713	1,244,163
Public Works	335,598	330,296	281,433	398,506	285,517
Health	97,237	96,063	108,830	123,421	126,968
Housing and Community Development	323,199	89,320	77,702	79,215	100,712
Parks and recreation	79,602	82,648	77,354	80,438	78,717
Library	39,570	48,842	36,555	39,248	38,711
Retiree benefits	42,203	18,801	18,506	18,463	18,897
Capital Outlay	61,606	57,337	332,655	372,472	396,877
Debt Service					
Principal	220,510	172,166	197,790	487,690	186,251
Interest	113,556	122,680	129,992	133,288	146,986
Fiscal agent and fees	6,302	4,661	3,700	8,949	6,599
Total expenditures	<u>2,573,902</u>	<u>2,348,374</u>	<u>2,516,376</u>	<u>3,141,467</u>	<u>2,828,201</u>
Excess of revenues over (under) expenditures	(440,986)	(314,896)	(346,819)	(757,696)	(532,773)
Other financing sources (uses)					
Transfers in	337,127	339,549	396,660	462,793	436,908
Transfers out	(272,726)	(281,936)	(328,873)	(391,143)	(364,873)
Proceeds from issuance of debt	433,514	313,771	387,051	626,205	926,780
Proceeds from refunded debt	169,230	229,168	219,238	324,030	-
Payment to escrow agent	(181,652)	(241,612)	(225,740)	(355,885)	(553,230)
Sale of land	6,439	8,356	8,757	5,381	9,092
Bond premium (discount)	16,912	15,870	9,004	(327)	34,166
Transfer to component unit	-	-	-	-	-
Total other financing sources (uses)	<u>508,844</u>	<u>383,166</u>	<u>466,097</u>	<u>671,054</u>	<u>488,843</u>
Net change in fund balances	<u>\$ 67,858</u>	<u>\$ 68,270</u>	<u>\$ 119,278</u>	<u>\$ (86,642)</u>	<u>\$ (43,930)</u>
Debt service as a percentage of noncapital expenditures	13.3%	12.9%	15.0%	22.4%	13.7%

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,568,056	\$ 1,615,592	\$ 1,745,882	\$ 1,826,639	\$ 1,964,470
61,083	84,786	97,100	111,577	121,636
379,065	351,472	366,973	333,832	373,006
132,764	248,083	248,097	267,635	296,694
55,414	52,250	47,955	46,647	41,350
6,666	8,944	1,086	9,737	7,639
-	20	-	-	-
72,126	72,180	70,001	98,189	95,129
<u>2,275,174</u>	<u>2,433,327</u>	<u>2,577,094</u>	<u>2,694,256</u>	<u>2,899,924</u>
198,782	209,318	217,376	233,216	295,439
1,230,623	1,212,975	1,267,523	1,355,369	1,374,859
288,383	275,260	284,863	304,346	314,313
119,192	102,304	111,986	122,446	139,016
96,792	75,204	88,222	51,252	71,167
75,560	73,233	75,430	77,557	101,718
36,715	34,115	35,433	38,421	38,170
15,996	10,360	11,907	10,920	11,059
309,315	272,161	245,410	289,026	358,969
192,000	346,600	138,875	176,205	191,355
154,083	161,086	158,322	154,327	153,972
7,792	10,161	6,212	4,528	5,289
<u>2,725,233</u>	<u>2,782,777</u>	<u>2,641,559</u>	<u>2,817,613</u>	<u>3,055,326</u>
(450,059)	(349,450)	(64,465)	(123,357)	(155,402)
406,201	422,470	505,513	549,184	587,207
(329,225)	(346,592)	(449,222)	(507,217)	(538,102)
740,696	806,685	438,276	119,000	117,740
-	-	-	-	-
(535,960)	(458,052)	(395,227)	(519)	(1,404)
21,054	4,844	5,818	2,464	48,171
35,521	81,310	51,617	-	-
-	12,849	16,516	-	-
<u>338,287</u>	<u>523,514</u>	<u>173,291</u>	<u>162,912</u>	<u>213,612</u>
<u>\$ (111,772)</u>	<u>\$ 174,064</u>	<u>\$ 108,826</u>	<u>\$ 39,555</u>	<u>\$ 58,210</u>
14.3%	20.2%	12.4%	13.1%	12.8%

CITY OF HOUSTON, TEXAS
TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Industrial Assessments	Mixed Beverage Tax	Bingo Tax	Total Tax Collections
2006	\$ 700,788	\$ 422,598	\$ 186,508	\$ 14,314	\$ 9,000	\$ 279	\$ 1,333,487
2007	\$ 738,578	\$ 461,417	\$ 189,551	\$ 15,823	\$ 9,713	\$ 279	\$ 1,415,361
2008	\$ 829,837	\$ 495,173	\$ 190,518	\$ 17,787	\$ 10,479	\$ 256	\$ 1,544,050
2009	\$ 890,308	\$ 507,103	\$ 190,800	\$ 19,133	\$ 10,587	\$ 226	\$ 1,618,157
2010	\$ 895,779	\$ 468,965	\$ 191,292	\$ 15,817	\$ 10,382	\$ 195	\$ 1,582,430
2011	\$ 853,277	\$ 492,824	\$ 190,911	\$ 14,458	\$ 10,283	\$ 167	\$ 1,561,920
2012	\$ 866,143	\$ 546,543	\$ 193,153	\$ 37	\$ 9,525	\$ 193	\$ 1,615,594
2013	\$ 906,761	\$ 600,256	\$ 195,664	\$ 29,845	\$ 9,887	\$ 196	\$ 1,742,609
2014	\$ 973,902	\$ 629,441	\$ 190,368	\$ 16,534	\$ 13,869	\$ 187	\$ 1,824,301
2015	\$ 1,074,070	\$ 667,061	\$ 190,245	\$ 16,736	\$ 15,784	\$ 209	\$ 1,964,105

CITY OF HOUSTON
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2006	\$ 71,997,166	\$ 60,214,783	\$ 8,149,890	\$ 2,023,823	\$ 31,298,860	\$ 111,086,802	6.4750
2007	\$ 76,997,953	\$ 65,711,310	\$ 9,198,065	\$ 2,568,995	\$ 33,880,872	\$ 120,595,451	6.4500
2008	\$ 84,322,788	\$ 75,245,892	\$ 11,740,472	\$ 2,515,631	\$ 38,060,662	\$ 135,764,121	6.4375
2009	\$ 90,065,098	\$ 88,374,034	\$ 12,148,055	\$ 2,380,333	\$ 44,198,187	\$ 148,769,333	6.3875
2010	\$ 91,451,713	\$ 89,110,300	\$ 12,911,034	\$ 2,344,315	\$ 46,805,799	\$ 149,011,563	6.3875
2011	\$ 89,957,336	\$ 84,250,876	\$ 11,500,552	\$ 2,276,946	\$ 46,201,271	\$ 141,784,439	6.3875
2012	\$ 90,484,912	\$ 86,617,837	\$ 11,826,503	\$ 2,159,964	\$ 47,104,376	\$ 143,984,840	6.3875
2013	\$ 91,402,063	\$ 93,629,148	\$ 14,232,884	\$ 2,143,660	\$ 50,417,778	\$ 150,989,977	6.3875
2014	\$ 96,665,925	\$ 103,323,330	\$ 17,601,808	\$ 2,341,556	\$ 52,006,243	\$ 167,926,376	6.3108
2015	\$ 109,039,079	\$ 112,587,772	\$ 18,590,654	\$ 2,258,016	\$ 54,652,493	\$ 187,823,028	6.3108

The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

CITY OF HOUSTON
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(unaudited)

Purpose	2015	2014	2013	2012	2011
City					
General Purposes	4.74635	4.74635	4.6221	4.8071	4.6336
Debt Service	<u>1.56445</u>	<u>1.56445</u>	<u>1.7654</u>	<u>1.5804</u>	<u>1.7539</u>
City of Houston (1)	6.31080	6.31080	6.3875	6.3875	6.3875
County					
Fort Bend County	4.9476	4.9976	4.9976	4.9976	4.9976
Harris County (2)	4.4467	4.4300	4.2830	4.1926	4.1728
Montgomery County	4.7670	4.8380	4.8380	4.8380	4.8380
School District					
Aldine I.S.D.	13.0590	13.0580	13.2839	13.2839	13.0054
Alief I.S.D.	12.8000	12.9000	13.2000	13.3000	13.4000
Clear Creek I.S.D.	14.0000	14.0000	13.6000	13.6000	13.6000
Conroe I.S.D. (5)	12.8000	12.9000	12.9500	12.9500	12.9500
Crosby I.S.D.	16.7000	16.7000	14.4000	14.4000	14.4000
Cypress-Fairbanks I.S.D.	14.4000	14.5000	14.5000	14.3000	14.3000
Deer Park I.S.D.	15.5670	15.5670	15.2670	13.9670	13.9670
Fort Bend I. S. D.	13.4000	13.4000	13.4000	13.4000	12.7000
Galena Park I.S.D.	15.1340	15.1340	15.1340	15.1340	15.1340
Goose Creek I.S.D. (5)	14.3189	13.3213	13.3213	13.3213	13.0213
Houston I.S.D.	11.9670	11.5670	11.5670	11.5670	11.5670
Huffman I.S.D.	14.0000	14.2000	14.4500	14.7000	14.7000
Humble I.S.D.	15.2000	15.2000	15.2000	15.2000	15.2000
Katy I.S.D.	15.2660	15.2660	15.2660	15.2660	15.2660
Klein I.S.D.	13.9000	14.3000	14.4000	14.3000	14.1000
New Caney I.S.D.	16.7000	15.4000	15.4000	15.4000	15.4000
North Forest I.S.D. (3)				14.6929	13.7000
Pasadena I.S.D.	13.5000	13.5000	13.5000	13.5000	13.5000
Sheldon I.S.D.	14.1000	14.3000	14.3000	14.3000	14.3000
Spring I.S.D.	15.1000	15.7000	15.7000	15.7000	14.6000
Spring Branch I.S.D.	13.9450	13.9450	13.9450	13.9450	13.9450
Municipal Utility District					
Harris County MUD # 355	1.2000	2.0000	2.3500	2.3500	2.5500
Harris County MUD # 359	2.7000	3.0000	3.0500	3.0500	3.0500
Harris County MUD # 366	2.0000	2.5000	2.5000	2.5000	2.5000
Harris County MUD # 372	1.7500	1.9000	1.9000	1.9000	1.9000
Harris County MUD # 381	7.4000				
Harris County MUD # 390	7.0000	7.0000	7.0000	7.0000	7.0000
Harris County MUD # 393	9.1000				
Harris County MUD # 404	8.6125				
Harris County MUD # 407	6.5000				
Harris County MUD # 410	6.9000				
Harris County MUD # 411	9.0000				
Harris County MUD # 450	7.6892	7.6125	7.6125	7.7125	7.6125
Harris County MUD # 451	8.8000				
Harris County MUD # 460	7.4000				
Northwood MUD #1	12.5000	12.5000	12.5000	12.5000	12.5000
Other Jurisdictions					
Clear Lake City Water Authority	2.8000	2.8000	2.8000	2.8000	2.8000
Fort Bend Parkway Road (4)			0.5443	0.5443	0.5443
Harris County Dept. of Education	0.0600	0.0636	0.0658	0.0658	0.0658
Houston Community College	0.2984	0.2012	0.1750	0.1382	0.9222
Lee College District (5)	2.2070	2.6070	2.4100	2.5200	2.5200
Lone Star College System	1.0810	1.1600	1.2100	1.2100	1.1760
Port of Houston Authority	0.1531	0.1716	0.1952	0.1856	0.2054
San Jacinto College District	18.5600	1.8560	1.8560	1.8560	1.7628

- (1) The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.
(2) Harris County includes the Harris County Flood Control District and the Harris County Toll Road. The Toll Road rate is zero.
(3) North Forest I.S.D. was closed and merged with Houston I.S.D.
(4) Debt has been paid off.
(5) Overlapping percent is less than 0.01%.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
4.5728	4.5460	4.6198	4.5927	4.6359
<u>1.8147</u>	<u>1.8415</u>	<u>1.8178</u>	<u>1.8573</u>	<u>1.8391</u>
6.3875	6.3875	6.4375	6.4500	6.4750
5.0660	4.9976	5.1674	5.1674	5.1674
4.2146	3.8923	3.9239	4.3480	4.3308
4.8380	4.8380	4.8880	4.9130	4.9630
13.0054	12.9200	12.7700	16.0400	17.0900
13.4000	13.4000	15.9000	15.9000	17.2000
13.6000	13.6000	13.2000	16.3000	16.3000
12.8500	12.7000	12.4000	15.9000	17.6000
14.4000	13.4000	10.4000	18.0800	18.7000
14.1000	13.5000	13.2400	16.5400	18.0000
13.6670	13.3670	13.1765	16.6230	18.0550
12.7000	12.7000	12.5000	15.4000	17.0750
14.7840	14.5590	14.3090	14.3090	18.1500
12.8213	12.8213	13.0196	15.9562	17.2750
11.5670	15.9900	15.9900	15.9900	15.9900
14.7000	14.7000	13.8000	16.0000	17.5500
15.2000	15.2000	13.1000	16.4000	17.7000
15.2660	15.2660	15.2700	18.1500	20.0000
13.6000	13.1000	12.6000	15.8000	17.0000
14.8000	14.4000	14.4000	14.1500	17.9000
13.5000	13.1434	12.3670	17.1250	17.1250
13.5000	14.3000	13.5000	16.9000	17.7500
14.3000	14.3000	14.3000	16.3400	17.5000
14.6000	14.6000	14.4000	17.1000	17.1000
13.9450	13.8250	12.8500	16.3150	18.1000
2.9500	3.0000	3.1000	3.7000	3.8000
2.9500	2.8500	2.7000	3.0000	3.2500
2.5000	2.5000	3.2000	3.5000	4.4000
1.9000	No data	No data	No data	No data
7.0000	7.0000	7.0000	7.0000	7.0000
7.6125	No data	No data	No data	No data
12.5000	12.5000	12.5000	12.5000	12.5000
2.8000	2.8000	2.8000	2.9000	2.9000
0.5443	0.5443	0.4153	0.4153	0.4153
0.0605	0.0585	0.0585	0.0629	0.0629
0.9222	0.1493	0.1493	0.8133	0.8133
2.2120	2.0677	2.0677	2.0228	2.0677
1.1010	1.1440	1.1440	1.1670	1.2070
0.1636	0.1437	0.1437	0.1302	0.1474
1.7080	1.4536	1.4536	1.4536	1.3913

CITY OF HOUSTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2015
Current Year and Nine Years Ago
(amounts expressed in thousands)
(unaudited)

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Centerpoint Energy, Inc.	\$ 1,702,418	1	0.91%	\$ 1,594,058	1	1.51%
Chevron Chemical Company	1,145,660	2	0.61%			
Shell Oil Company	1,031,986	3	0.55%			
United Airlines, Inc.	914,777	4	0.49%			
Crescent (Real Estate) HC Investors LP	792,215	5	0.42%	1,010,197	2	0.95%
Amoco Chemical Company	529,627	6	0.28%			
HG Galleria I II III, LP	508,215	7	0.27%	380,439	9	0.36%
Busycon Properties LLC	505,450	8	0.27%			
1000 Louisiana LP	499,000	9	0.27%			
Texas Tower Ltd	472,965	10	0.25%			
Hines Interests Ltd Partnership				810,157	3	0.77%
Lyondell-Citgo Refining L.P.				666,513	4	0.63%
Southwestern Bell				658,515	5	0.62%
Trizechahn Allen Center LP				494,994	6	0.47%
Anheuser Busch, Inc.				466,775	7	0.44%
Exxon Mobil Corporation				464,514	8	0.44%
Teachers Insurance				357,089	10	0.34%
Total	\$ 8,102,313		4.32%	\$ 6,903,251		6.53%

CITY OF HOUSTON
TAX SUPPORTED DEBT SERVICE FUNDS
(amounts expressed in thousands)
(unaudited)

Tax Bond Debt Service Fund for Fiscal Year 2016^(a)

	Amount
Budgeted Resources	(in thousands)
Beginning Fund Balance Estimate as of July 1, 2015	\$ 118,485
Interest Earnings on Debt Reserves and Bond Funds	-
Transfers in from:	
General Fund	295,954
Combined Utility System Operating Fund	23,875
Other sources	24,008
Third Party Reimbursements	-
Other	3,173
Total Budgeted Resources	<u>465,495</u>
Budgeted Expenditures	
Debt Service Requirements	
Tax Bonds	\$ 340,345
Commercial Paper Paid from Third Party Reimbursements	
Miscellaneous	-
Total Budgeted Expenditures	<u>340,345</u>
Budgeted Ending Fund Balance as of June 30, 2015	<u>125,150</u>
Total Budgeted Expenditures and Reserves	<u>\$ 465,495</u>

(a) This fund includes the debt service for the City's Tax Bonds, Pension Obligations, and Commercial Paper Notes.

CITY OF HOUSTON
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Governmental Activities

Business-type Activities

Fiscal Year	Governmental Activities						Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita (a)
	Public Improvement Bonds	Pension Obligations	Commercial Paper	Tax and Revenue Certificates	Notes Payable	Other Borrowings	Combined Utility System Revenue Bonds	Houston Airport System Revenue Bonds	Convention & Entertainment Revenue Bonds	Long-Term Contracts			
2006	\$ 1,668,855	\$ 342,331	\$ 544,575	\$ 81,401	\$ 4,218	\$ 21,880	\$ 4,632,709	\$ 2,301,633	\$ 620,747	\$ 250,492	\$10,468,841	21.90%	\$ 5,099
2007	\$ 1,760,090	\$ 420,656	\$ 521,100	\$ 80,237	\$ 2,941	\$ 20,200	\$ 4,949,549	\$ 2,304,947	\$ 618,758	\$ 230,008	\$10,908,486	20.72%	\$ 5,329
2008	\$ 1,798,150	\$ 472,205	\$ 625,950	\$ 86,521	\$ 1,515	\$ 15,060	\$ 5,129,698	\$ 2,296,822	\$ 609,279	\$ 208,441	\$11,243,641	20.70%	\$ 5,513
2009	\$ 1,988,300	\$ 520,478	\$ 519,200	\$ 81,022	\$ -	\$ 13,315	\$ 5,453,015	\$ 2,224,081	\$ 590,799	\$ 190,187	\$11,580,397	20.04%	\$ 5,691
2010	\$ 2,319,930	\$ 540,578	\$ 360,500	\$ 79,870	\$ -	\$ 10,010	\$ 5,635,438	\$ 2,537,166	\$ 569,569	\$ 175,259	\$12,228,320	23.57%	\$ 6,000
2011	\$ 2,468,160	\$ 540,578	\$ 237,400	\$ 75,990	\$ -	\$ 7,830	\$ 5,807,384	\$ 2,480,456	\$ 545,509	\$ 162,571	\$12,325,878	Not available	\$ 6,083
2012	\$ 2,582,320	\$ 540,728	\$ 226,900	\$ 17,365	\$ -	\$ 7,103	\$ 5,821,210	\$ 2,348,521	\$ 537,499	\$ 149,121	\$12,230,767	Not available	\$ 5,722
2013	\$ 2,561,515	\$ 540,728	\$ 176,900	\$ 11,870	\$11,135	\$ 6,458	\$ 6,023,556	\$ 2,290,936	\$ 509,249	\$ 135,585	\$12,267,932	Not available	\$ 5,585
2014	\$ 2,422,445	\$ 535,353	\$ 257,350	\$ 18,660	\$11,629	\$ 5,813	\$ 6,041,391	\$ 2,232,051	\$ 482,974	\$ 122,048	\$12,129,714	Not available	\$ 5,777
2015	\$ 2,447,340	\$ 529,603	\$ 141,900	\$ 16,360	\$ -	\$ 5,154	\$ 6,154,091	\$ 2,322,126	\$ 509,129	\$ 186,036	\$12,311,739	Not available	\$ 5,497

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See the Schedule of Demographic and Economic Statistics on page 243 for personal income and population data.

CITY OF HOUSTON, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)
(unaudited)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value (1) of Property</u>	<u>Per Capita (2)</u>
2006	\$ 2,663,260	\$ 110,824	\$ 2,552,436	2.30%	\$ 1,244
2007	\$ 2,805,224	\$ 109,661	\$ 2,695,563	2.24%	\$ 1,279
2008	\$ 2,999,401	\$ 131,477	\$ 2,867,924	2.11%	\$ 1,325
2009	\$ 3,122,315	\$ 161,414	\$ 2,960,901	1.99%	\$ 1,346
2010	\$ 3,310,888	\$ 181,958	\$ 3,128,930	2.10%	\$ 1,433
2011	\$ 3,329,958	\$ 143,287	\$ 3,186,671	2.25%	\$ 1,455
2012	\$ 3,374,416	\$ 148,174	\$ 3,226,242	2.24%	\$ 1,565
2013	\$ 3,308,606	\$ 156,554	\$ 3,152,052	2.09%	\$ 1,522
2014	\$ 3,251,250	\$ 134,701	\$ 3,116,549	1.86%	\$ 1,566
2015	\$ 3,140,357	\$ 122,349	\$ 3,018,008	1.61%	\$ 1,348

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

1. See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 229 for property value data.
2. Population data can be found in the Schedule of Demographic and Economic Statistics on page 243.

CITY OF HOUSTON, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2015
(amounts expressed in thousands)
(unaudited)

City	Net Direct Debt		% of Debt Applicable to Houston	City of Houston Share of Debt
	Amount	As of		
City				
City of Houston - direct	\$ 3,140,357	06/30/15	100.00%	\$ 3,140,357
County				
Fort Bend County	332,136	06/30/15	1.78%	5,912
Harris County (including Toll Road Bonds)	1,994,901	06/30/15	53.30%	1,063,282
Harris County Flood Control	605,445	06/30/15	53.30%	322,702
Montgomery County	377,403	06/30/15	1.13%	4,265
School District				
Aldine I.S.D.	394,968	06/30/15	47.66%	188,242
Alief I.S.D.	165,979	08/31/14	81.43%	135,157
Clear Creek I.S.D.	859,364	06/30/15	47.32%	406,651
Conroe I.S.D.	942,697	08/31/14	0.00%	0
Crosby I.S.D.	126,487	06/30/15	0.15%	190
Cypress-Fairbanks I.S.D.	2,000,351	06/30/15	16.01%	320,256
Deer Park I.S.D.	233,599	06/30/15	0.13%	304
Fort Bend I.S.D.	767,876	06/30/15	3.56%	27,336
Galena Park I.S.D.	188,048	08/31/14	7.12%	13,389
Houston I.S.D.	2,569,591	06/30/15	91.98%	2,363,510
Huffman I.S.D.	40,539	06/30/15	24.91%	10,098
Humble I.S.D.	636,605	06/30/15	37.73%	240,191
Katy I.S.D.	1,155,533	08/31/14	19.16%	221,400
Klein I.S.D.	805,179	06/30/15	3.16%	25,444
New Caney I.S.D.	267,545	06/30/15	18.28%	48,907
Pasadena I.S.D.	680,830	08/31/15	40.53%	275,940
Sheldon I.S.D.	160,475	06/30/15	0.20%	321
Spring I.S.D.	524,993	06/30/15	1.64%	8,610
Spring Branch I.S.D.	708,167	06/30/15	71.57%	506,835
Municipal Utility District				
Harris County MUD 355	9,500	06/30/15	99.77%	9,478
Harris County MUD 359	7,231	06/30/15	100.00%	7,231
Harris County MUD 366	0	06/30/15	0.00%	0
Harris County MUD 372	8,265	06/30/15	100.00%	8,265
Harris County MUD 381	9,945	06/30/15	100.00%	9,945
Harris County MUD 390	21,889	06/30/15	100.00%	21,889
Harris County MUD 393	10,915	06/30/15	100.00%	10,915
Harris County MUD 404	1,740	06/30/15	100.00%	1,740
Harris County MUD 407	5,030	06/30/15	100.00%	5,030
Harris County MUD 410	13,180	06/30/15	100.00%	13,180
Harris County MUD 411	5,335	06/30/15	100.00%	5,335
Harris County MUD 450	10,905	06/30/15	100.00%	10,905
Harris County MUD 451	3,550	06/30/15	100.00%	3,550
Harris County MUD 460	2,170	06/30/15	100.00%	2,170
Northwood MUD # 1	2,255	06/30/15	100.00%	2,255
Other Jurisdictions				
Clear Lake City Water Authority	69,229	04/30/15	63.83%	44,189
Harris County Dept. of Education	7,210	06/30/15	53.30%	3,843
Houston Community College	645,860	06/30/15	90.86%	586,828
Lee College District	48,915	06/30/15	0.00%	0
Lone Star College System	580,325	06/30/15	11.64%	67,550
Port of Houston Authority	668,111	06/30/15	53.30%	356,103
San Jacinto College District	273,866	06/30/15	15.44%	42,285
Total overlapping debt	18,944,137			7,401,628
Total direct and overlapping debt	<u>\$ 22,084,494</u>			<u>\$ 10,541,985</u>

The net direct debt amounts above, except for that which relates to the City of Houston, were provided by the individual government entities or the Municipal Advisory Council of Texas (MACTx). The percentage of debt applicable to the City was provided by MACTx. Net Direct Debt is equal to the outstanding principal amount less sinking fund balances.

The percentage of overlapping debt applicable is estimated using (market or taxable) assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's (market or taxable) assessed value that is within the overlapping jurisdiction's boundaries and dividing it by the overlapping jurisdiction's total (market or taxable) assessed value.

City of Houston, Texas
AD VALOREM TAX LEVIES AND COLLECTIONS
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Tax Rate ^(a)			Net Current Year Tax Levy ^{(b) (d)} (in thousands)	Current Collections Prior to End of Fiscal Year ^{(c) (d) (e)} (in thousands)	Prior Years' Delinquent Collections ^(e) (in thousands)	Total Collection ^{(c) (d) (e)} (in thousands)	Total Collections Percentage of Net Levy ^(d)
	General Purposes	Debt Service	Total					
2007	0.45927	0.18573	0.64500	777,841	751,882	36,007	787,889	101.3
2008	0.46198	0.18178	0.64375	874,230	845,817	34,772	880,589	100.7
2009	0.45460	0.18415	0.63875	961,059	926,956	32,395	959,351	99.8
2010	0.45728	0.18147	0.63875	960,083	932,952	23,672	956,624	99.6
2011	0.46336	0.17539	0.63875	912,808	891,910	27,684	919,594	100.7
2012	0.48071	0.15804	0.63875	927,886	907,472	24,177	931,649	100.4
2013	0.46221	0.17654	0.63875	970,157	949,784	30,555	980,339	101.0
2014	0.47709	0.16166	0.63875	1,071,503	1,053,287	25,100	1,078,387	100.6
2015	0.47464	0.15644	0.63108	1,183,204	1,156,298	23,578	1,179,876	99.7
2016	0.44219	0.15893	0.60112	1,232,521	1,209,836	26,173	1,236,009	100.3

- (a) The Texas Constitution limits the maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation for home-rule cities such as the City; however, for a discussion of the more restrictive City Charter Limitations, see "PROPERTY TAXES – City Charter Tax and Revenue Limitations."
- (b) The figures represent net adjusted levies, including the late certification and correction rolls from the Appraisal District, through June 30 of each Fiscal Year, except for Fiscal Year 2016, which is as of August 14, 2015.
- (c) These amounts do not include revenues from various types of Industrial District Contracts entered into by the City with industrial property owners outside of the City's corporate limits totaled \$0.00 million in Fiscal Year 2015. Such Industrial District Contracts have a term of fifteen years (currently scheduled to terminate in Tax Year 2027) and allow property owners to make payments to the City in lieu of paying ad valorem taxes.
- (d) Includes all ad valorem tax receipts received by the City, including tax increment revenues that are deposited into special funds designated for various tax increment reinvestment zones. By virtue of contracts among the City, the Zones and the local government corporations that manage the zones, the tax increments are transferred to the respective local government corporation and are available to fund authorized projects in the Zone and to be pledged to obligations issued by the local government corporation on behalf of the Zone. Bonds and other obligations issued by the local government are not debt of the City. In Fiscal Year 2016, the City has budgeted approximately \$122 million of tax increments to be transferred to special funds for such zones, as required by State law, of which approximately \$9 million will be transferred back to the City for affordable housing projects and an administrative fee attributable to development in such Zones. Much of the tax increments transferred to the zones are used to promote economic developments through the acquisition and construction of public improvements to spur development in certain areas of the City. Additionally, the zones provide affordable housing and funds for certain City capital improvement projects.
- (e) The City's Fiscal Year 2016 Budget includes a proposed tax rate of \$0.60112 (per \$100 assessed valuation) for Tax Year 2015 (Fiscal Year 2016). The City Charter provides that, in preparing the City's budget, provision shall first be made for the payment of debt service on the City's outstanding bond indebtedness, with the remaining revenues to be apportioned among the City's respective departments.

City of Houston, Texas
AD VALOREM TAX OBLIGATION PERCENTAGES
(amounts expressed in thousands)
(unaudited)

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Tax-Supported Debt at December 31 (in thousands)^(f)</u>	<u>Tax Roll^(a) (in thousands)</u>	<u>Tax-Supported Debt as a Percentage of Tax Roll</u>	<u>Tax-Supported Per Capita Debt^(b)</u>	<u>Debt Service Requirement Payable from Taxes^{(c)(d)} (in thousands)</u>	<u>Tax Levy for Debt Service (in thousands)^(e)</u>
2005	2006	2,644,366	111,225,839	2.38%	1,274	248,105	195,000
2006	2007	2,833,037	120,595,451	2.35%	1,306	262,523	209,000
2007	2008	3,016,248	135,764,121	2.22%	1,365	279,277	229,600
2008	2009	3,174,023	149,627,515	2.12%	1,418	254,513	251,700
2009	2010	3,324,065	150,270,904	2.21%	1,472	308,113	254,600
2010	2011	3,440,075	142,964,244	2.41%	1,639	342,966	232,545
2011	2012	3,471,590	145,042,978	2.39%	1,617	297,923	229,700
2012	2013	3,469,360	152,801,703	2.27%	1,613	300,124	241,100
2013	2014	3,392,510	167,460,662	2.03%	1,545	304,267	243,813
2014	2015	3,329,635	187,196,033	1.78%	1,487	338,424	264,500

- (a) With the exception of Tax Year 2011, the tax roll represents the total appraised value of property, after subtracting all exemptions, and reflects all adjustments made by the Appraisal Districts as of June 30 of each Fiscal Year. The Tax Year 2013 amount represents the Appraisal Districts' estimate of certified taxable valuations based on tax rolls available as of July 11, 2014. As of July 11, 2014, the total assessed value for Tax Year 2013 (including exempt property values) was approximately \$221 billion, which is the appraised value used to determine the statutory limitation of approximately \$22 billion relating to total bond indebtedness.
- (b) Per capita figures are based on population estimates according to the U.S. Census Bureau.
- (c) These amounts have not been reduced by the combined ending fund balances in the General Debt Service Fund.
- (d) These amounts include principal and interest payments for Tax Obligations, except it only includes interest for Commercial Paper Notes at an assumed rate appropriate for each Fiscal Year.
- (e) Sources of funds for the general obligation debt service requirement include the tax levy and transfers from Enterprise and Special Revenue Funds.
- (f) Information as reported in the City's Monthly Operations and Financial Report dated as of December 31 of each Fiscal Year.

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**CITY OF HOUSTON, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)**

LEGAL DEBT MARGIN CALCULATION AT JUNE 30, 2015

Assessed Value (1)	\$ 244,012,032
Debt Limit (10% of assessed value)	\$ 24,401,203
Debt applicable to limit:	
Public Improvement Bonds	2,447,340
Pension Obligations	529,603
Commercial Paper - General Obligation	141,900
Tax and Revenue Certificates of Obligation	16,360
Total net debt applicable to limit	<u>\$ 3,135,203</u>
Legal debt margin	\$ 21,266,000

HISTORICAL LEGAL DEBT LIMITATION

	2006	2007
Legal debt limitation, 10% of assessed value(2)	\$ 14,238,567	\$ 15,447,632
Total net debt applicable to margin	<u>2,732,439</u>	<u>2,877,360</u>
Legal debt margin	<u>\$ 11,506,128</u>	<u>\$ 12,570,272</u>
Total net debt applicable to the limit as a percentage of debt limit	19%	19%

(1) Assessed Value for the 2014 tax year (fiscal year 2015) is based on the appraised value of property prior to any deductions for exemptions. The Assessed Value is derived from the certified valuations provided by the Harris County Appraisal District as of July 2015.

(2) See Vernon's Annotated Civil Statutes, Article 835p, Section 1 and 2.

2008	2009	2010	2011	2012	2013	2014	2015
\$ 17,382,478	\$ 19,296,752	\$ 19,581,736	\$ 18,798,571	\$ 19,108,922	\$ 20,140,168	\$ 21,962,278	\$ 24,401,203
<u>3,078,103</u>	<u>3,109,000</u>	<u>3,300,878</u>	<u>3,322,128</u>	<u>3,367,313</u>	<u>3,291,013</u>	<u>3,233,808</u>	<u>3,135,203</u>
<u>\$ 14,304,375</u>	<u>\$ 16,187,752</u>	<u>\$ 16,280,858</u>	<u>\$ 15,476,443</u>	<u>\$ 15,741,609</u>	<u>\$ 16,849,155</u>	<u>\$ 18,728,470</u>	<u>\$ 21,266,000</u>
18%	16%	17%	18%	18%	16%	15%	13%

CITY OF HOUSTON, TEXAS
PLEDGED - REVENUE COVERAGE
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Airport System Bonds ⁽¹⁾

Fiscal Year	Operating & Non-Operating Revenues ⁽²⁾	Less: Operating Expenses	Net Pledged Revenue	Debt Service		Less Grants Available for Debt Service	Coverage
				Principal	Interest ⁽³⁾		
2006	411,545	205,565	205,980	31,737	108,601	46,621	2.20
2007	443,295	217,720	225,575	33,377	111,118	20,679	1.82
2008	477,330	221,309	256,021	45,996	111,250	28,022	1.98
2009	409,721	242,449	167,272	49,692	100,746	54,682	1.75
2010	425,071	245,147	179,924	51,832	93,298	56,171	2.02
2011	423,632	262,668	160,964	61,136	97,546	56,827	1.58
2012	429,665	255,507	174,158	59,575	91,736	43,979	1.62
2013	441,245	252,745	188,500	56,800	97,138	34,390	1.58
2014	460,768	268,745	192,023	60,419	96,005	58,556	1.96
2015	489,823	283,557	206,266	71,999	91,320	54,453	1.89

1. Including Sr. Lien Commercial Paper, Subordinate Lien Bonds, and Inferior Lien Obligations.
2. Income and revenues derived from the operation of the Airport System with limited exclusions.
3. Debt service is net of amounts paid by grant funds and capitalized interest.

Combined Utility System Bonds ⁽⁴⁾

Fiscal Year	Operating & Non-Operating Revenues ⁽⁵⁾	Less: Total Expenses	Net Pledged Revenue	Debt Service		Coverage
				Principal	Interest	
2006	721,243	349,135	372,108	31,570	196,461	1.63
2007	701,813	357,403	344,410	26,618	232,048	1.33
2008	722,918	378,919	343,999	27,088	248,900	1.25
2009	867,329	379,458	487,871	37,683	258,129	1.65
2010	814,979	371,913	443,066	68,187	281,468	1.27
2011	921,218	363,649	557,569	72,389	284,800	1.56
2012	969,028	417,616	551,412	68,285	299,436	1.50
2013	979,550	399,855	579,695	80,278	308,204	1.49
2014	1,029,562	406,274	623,288	134,030	273,484	1.53
2015	974,825	424,683	550,142	140,685	266,636	1.35

4. Including Water and Sewer System Bonds, Combined Utility System Bonds, and Commercial Paper.
5. Income and revenues derived from the operation of the Combined Utility System with limited exclusions.

Convention and Entertainment Center Bonds ⁽⁶⁾

Fiscal Year	Pledged Hotel Occupancy Tax & Other Revenue ⁽⁷⁾	Debt Service		Coverage
		Principal	Interest	
2006	58,171	13,680	23,326	1.57
2007	61,420	14,775	24,004	1.58
2008	69,743	17,540	23,926	1.68
2009	65,334	18,620	19,451	1.72
2010	59,804	21,230	15,747	1.62
2011	65,186	24,060	14,218	1.70
2012	71,957	21,835	6,194	2.57
2013	78,892	27,530	14,123	1.89
2014	89,145	26,215	10,743	2.41
2015	83,027	25,835	11,377	2.23

6. Including Revenue Bonds and Commercial Paper.
7. Includes the 5.65%/7% of collected hotel occupancy tax, certain parking revenues, and certain tax rebates.

CITY OF HOUSTON, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Population	(1)	Personal Income (amount in thousands)	(2)	Per Capita Personal Income	(2)	Median Age	(2)	Education Level in Years of Formal Schooling	(2)	School Enrollment	(2)	Average Unemployment Rate (percentage)	(3)
2006	2,076,189		\$ 47,805,874		\$ 23,041		32.3		12.6		409,937		5.5	(4)
2007	2,144,491		\$ 52,642,282		\$ 25,719		32.2		12.8		425,015		4.6	(4)
2008	2,208,180		\$ 54,306,140		\$ 26,836		32.8		Not available		811,154	(5)	4.2	(2)
2009	2,244,615		\$ 57,795,120		\$ 25,563		32.9		13.2		520,118	(6)	5.9	(2)
2010	2,257,926		\$ 51,886,111		\$ 24,623		32.8		12.4		525,506	(6)	7.0	(2)
2011	2,099,451	(11)	Not available		\$ 26,109		32.2		12.7		560,316	(6)	8.2	(7)
2012	2,145,146		Not available		\$ 26,179	(8)	33.2	(9)	13.0	(9)	576,020	(8)	7.5	(10)
2013	2,160,821		Not available		\$ 26,849	(8)	32.1	(8)	13.0	(6), (8)	548,061	(6)	6.5	(7)
2014	2,195,914		Not available		\$ 27,029	(8)	32.3	(8)	13.0	(8)	557,780	(8)	9.0	(8)
2015	2,239,558		Not available		\$ 27,305	(11)	32.4	(11)	13.0	(6), (8)	564,871	(8)	4.4	(12)

(1) Source: Population Estimate program, U. S. Census Bureau, as of the beginning of the fiscal year. (Fiscal year 2002 is as of July 1, 2001.)

(2) Source: American Community Survey, U. S. Census Bureau. (Fiscal year 2002 data is for calendar year 2001.)

(3) Source: University of Houston, Center for Public Policy. (Data for fiscal year 2002 is calendar year 2001.)

(4) Source: Texas Workforce Commission

(5) School enrollment for the City of Houston is not available. The number reflects the Houston metropolitan area.

(6) School enrollment includes nursery school through graduate school.

(7) Source: Local Area Unemployment Statistics, Bureau of Labor Statistics Texas Workforce Commission

(8) Source: U. S. Census Bureau Fact Finder

(9) This is the average for the MSA (Metropolitan Service Area).

(10) Source: Bureau of Labor Statistics

(11) Source: American FactFinder

(12) Source: Texas Labor Market TRACER

**CITY OF HOUSTON, TEXAS
PRINCIPAL EMPLOYERS
June 30, 2015
Current Year and Nine Years Ago
(unaudited)**

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Memorial Hermann Health System	24,000	1	2.19%	17,500	1	1.81%
Univ of Tx M. D. Anderson Cancer Center	19,973	2	1.82%	16,000	3	1.65%
H-E-B	19,175	3	1.75%			
United Airlines	17,000	4	1.55%			
National Oilwell Varco	14,581	5	1.33%			
ExxonMobil Corporation	13,200	6	1.20%			
The Houston Methodist Hospital System	13,000	7	1.19%	9,991	8	1.04%
Shell Oil Company	12,123	8	1.11%	13,000	4	1.34%
Kroger Company	12,000	9	1.10%	12,000	5	1.24%
Cameron International	11,000	10	1.00%			
Continental Airlines, Inc.				16,000	2	1.65%
Halliburton K. B. R.				10,201	6	1.05%
ARAMARK Corp.				10,000	7	1.04%
Baylor College of Medicine				9,143	9	0.95%
Hewlett-Packard Corporation				9,000	10	0.93%
Total :	<u>156,052</u>		<u>14.24%</u>	<u>122,835</u>		<u>12.70%</u>

Source: Greater Houston Partnership

Employers excludes school districts and city, county, state and federal governments.

Employee numbers are for the ten-county region, not the city only.

Employee may live outside the City.

Total Houston Residents employed regardless of where they work:

Source:

June 2015 Local Area Unemployment Statistics, Bureau of Labor Statistics 2015 1,095,546

June 2006 Texas Workplace Commission 2006 967,476

SOURCE: GHP Database; HBJ Book of Lists; company websites (12-16-2015)

CITY OF HOUSTON, TEXAS

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**CITY OF HOUSTON, TEXAS
EMPLOYMENT STATISTICS
June 30, 2015
(unaudited)**

Employment

The following table indicates the Houston PMSA estimated annual average labor force for the years 2005 through 2014 according to the Texas Employment Commission:

**Houston PMSA Labor Force Estimates
(Employees in thousands)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Civilian Labor Force ^(A)	2,614	2,674	2,723	2,781
Employed	2,468	2,540	2,606	2,647
Unemployed	146	134	117	134
Percent unemployed	5.59%	5.01%	4.30%	4.82%
Nonfarm Payroll Employment ^(B)	2,349	2,446	2,545	2,603
Manufacturing	212	223	233	241
Mining	71	78	84	90
Contract construction	169	182	197	205
Transp/Trade/Pub Utils/Communications ^(C)	653	673	699	715
Finance/Insurance/Real Estate	91	91	92	91
Services & Miscellaneous	962	1,014	1,063	1,087
Government	339	345	352	361

- (A) Includes resident wage and salary workers, self-employed, unpaid family workers and domestics in private households, agricultural workers, and workers involved in labor-management disputes.
- (B) Includes the non-agricultural wage and salary jobs estimated to exist in Houston PMSA without reference to place of residence of workers.
- (C) Trade has been included with Transportation, Public Utilities and Communications.

2009	2010	2011	2012	2013	2014
2,873	2,933	3,075	3,110	2,180	3,244
2,638	2,692	2,843	2,901	3,009	3,098
235	241	232	210	171	146
8.18%	8.20%	7.50%	6.70%	5.40%	4.50%
2,530	2,594	2,693	2,793	2,895	2,991
218	228	237	252	261	250
88	89	97	106	115	109
172	175	180	188	197	205
564	556	579	602	616	645
138	134	140	143	146	146
973	1,035	1,097	1,135	1,800	1,261
377	377	364	367	379	381

CITY OF HOUSTON, TEXAS
Last Ten Years
CITY OF HOUSTON EMPLOYMENT INFORMATION
(unaudited)

Full-time Equivalent Employees as of June 30, 2015

Fund/Department	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
		Restated	Restated							
GENERAL FUND										
Public Safety										
Fire/Civilian	288.7	287.0	270.2	270.5	247.9	222.6	118.9	117.4	117.1	107.2
Fire/Classified	4,123.5	4,070.3	3,997.5	4,058.3	4,131.7	4,085.1	3,978.6	4,011.7	3,981.2	4,119.9
Fire/Cadets	38.5	103.0	113.5	95.7	53.0	53.1	14.2	26.7	123.0	139.1
Municipal Courts - (Administration) Department	343.7	290.9	262.2	284.8	269.8	301.7	271.2	268.8	291.6	299.2
Municipal Courts - (Justice) Department	45.3	47.6	49.4	50.6	50.9	-	-	-	-	-
Police/Civilian	1,173.1	1,237.8	1,289.5	1,572.3	1,528.4	1,393.1	1,119.9	1,194.9	1,157.8	1,133.2
Police/Classified	5,125.3	5,287.3	5,382.7	5,703.2	5,629.9	5,535.3	5,474.9	5,456.9	5,290.4	5,350.7
Police/Cadets	81.8	130.9	176.8	221.6	135.0	70.4	76.6	118.1	88.1	91.2
Total Public Safety	11,219.9	11,454.8	11,541.8	12,257.0	12,046.6	11,661.3	11,054.3	11,194.5	11,049.2	11,240.5
Development & Maintenance Services										
General Services (Formerly Building Services)	211.3	228.2	237.8	242.1	233.2	210.6	193.9	193.6	201.1	140.7
Planning & Development	99.6	96.6	97.1	105.1	107.0	97.5	75.7	75.2	76.1	71.9
Public Works & Engineering (PW&E)	539.9	548.4	556.7	568.3	529.0	505.6	9.1	15.0	13.6	14.6
Solid Waste Management	576.4	546.6	655.0	667.2	633.5	623.9	460.5	471.0	458.9	475.9
Total Development & Maintenance	1,427.2	1,419.8	1,546.6	1,582.7	1,502.7	1,437.6	739.2	754.8	749.7	703.1
Human & Cultural Services										
Convention & Entertainment Facilities	63.0	54.8	0.4	3.5	-	-	-	-	-	-
Health & Human Services	797.9	725.8	684.5	741.3	661.3	574.8	458.4	470.7	565.0	563.5
Housing & Community Development	-	-	1.3	2.3	2.5	2.9	2.1	2.0	2.0	1.3
Library	473.1	484.5	497.3	530.5	517.4	456.4	401.7	405.2	474.1	469.8
Neighborhoods	-	-	-	-	-	-	96.3	104.4	103.5	107.5
Parks & Recreation	772.8	814.1	815.8	869.4	838.8	774.2	627.6	644.4	670.3	663.7
Total Human & Cultural Services	2,106.8	2,079.2	1,999.3	2,147.0	2,020.0	1,808.3	1,586.1	1,626.7	1,814.9	1,805.8
Administrative Services										
Administration & Regulatory Affairs	-	-	264.1	292.0	375.9	362.9	268.1	240.3	201.5	202.1
City Secretary	12.1	11.6	11.1	11.5	11.4	11.9	10.9	10.7	10.7	10.3
Controller's Office	70.7	73.7	74.7	76.3	76.8	74.0	66.2	64.9	65.3	62.1
Council Office	71.3	68.1	71.4	73.3	72.4	72.8	74.6	77.7	74.6	76.5
Finance & Administration	303.8	310.0	-	-	-	-	-	-	-	-
Finance Department	-	-	54.9	68.9	76.9	70.7	72.6	60.4	107.8	111.4
Human Resources	38.2	37.9	39.1	39.3	41.8	40.0	35.9	34.4	31.1	32.0
Information Technology	127.2	129.0	140.3	154.9	169.6	158.8	150.8	144.3	156.3	161.8
Legal	144.0	152.8	158.7	168.1	161.0	155.3	119.1	116.4	119.7	121.6
Mayor's Office	48.8	43.5	39.6	37.1	35.2	35.1	23.3	56.3	58.5	48.6
Office of Business Opportunity (Formerly Affirm. Action)	25.7	25.8	32.4	34.1	35.8	31.6	23.3	25.1	26.4	28.1
Total Administrative Services	841.8	852.4	886.3	955.5	1,056.8	1,013.1	844.8	830.5	851.9	854.5
Total General Fund	15,595.7	15,806.2	15,974.0	16,942.2	16,626.1	15,920.3	14,224.4	14,406.5	14,465.7	14,603.9
ENTERPRISE FUNDS										
Aviation	1,569.6	1,622.7	1,587.2	1,604.8	1,544.7	1,528.5	1,415.0	1,339.5	1,368.7	1,292.0
Convention & Entertainment Facilities	109.3	116.5	124.3	124.1	118.8	117.6	69.0	23.0	22.7	-
PW&E - Combined Utility System	2,158.6	2,243.8	2,288.9	2,350.7	2,338.0	2,213.0	2,280.5	2,237.5	2,220.8	2,166.2
GSD - Parking Management (Formerly PW&E)	-	-	54.0	53.9	-	-	-	-	-	-
Total Enterprise Funds	3,837.5	3,983.0	4,054.4	4,133.5	4,001.5	3,859.1	3,764.5	3,600.0	3,612.2	3,458.2

Administration & Regulatory Affairs and the Finance Department were Finance and Administration.
Municipal Courts - Administration and Municipal Courts - Justice consolidated as the Department.
Fleet Management was established as a new department in FY 2012. It is no longer part of Public Works & Engineering.

Full-time Equivalent Employees as of June 30, 2015

Fund/Department	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
		Restated	Restated							
SPECIAL REVENUE FUNDS										
Administration & Regulatory Affairs	-	-	-	-	-	104.4	176.8	159.5	159.9	168.8
Cable Television	9.3	-	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	15.5	42.8
Fleet Management (Formerly PW&E - Fleet Management)	170.7	-	-	-	-	-	262.5	267.7	325.9	369.7
General Services (Formerly Building Services)	-	-	-	-	-	-	-	-	61.3	137.5
Health & Human Services	-	435.7	490.9	530.9	530.9	544.3	510.0	515.5	592.1	661.0
Housing & Community Development	-	126.5	136.9	140.1	148.2	129.5	129.3	159.0	161.8	163.4
Houston Emergency Center	239.6	248.0	264.6	275.6	256.8	248.0	234.3	242.5	243.8	242.5
Legal	-	-	-	-	-	-	11.0	7.6	35.2	-
Library	-	3.4	9.9	28.4	29.7	29.5	28.0	26.0	23.4	17.1
Mayor's Office	-	24.7	24.2	22.7	24.5	23.7	23.4	28.5	26.9	43.5
Municipal Courts - (Administration) Department	21.5	22.8	24.4	28.7	28.8	39.5	34.3	35.0	18.1	20.0
Municipal Courts - (Justice) Department	-	-	-	3.3	10.4	-	-	-	-	-
Neighborhoods	-	-	-	-	-	-	1.0	51.0	48.8	46.7
Office of Business Opportunity (Formerly Affirm. Action)	-	-	-	-	-	-	1.0	2.0	2.0	2.0
Parks Special Revenue	106.0	105.7	107.0	112.9	109.1	101.4	97.6	92.0	93.2	103.4
Planning & Development	-	-	3.4	6.5	9.0	8.4	10.2	11.9	11.6	8.2
Police - Asset Forfeiture	21.3	-	-	-	-	-	-	-	-	-
Police - Auto Dealers/Civilian	6.3	73.7	113.8	88.6	-	-	7.0	8.0	8.0	39.7
Police - Auto Dealers/Classified	22.0	21.1	37.0	25.6	42.2	32.1	21.0	19.0	32.0	21.9
Police - Special Services/Civilian	6.3	-	-	-	148.3	128.4	124.0	26.5	35.7	24.0
Police - Special Services/Classified	40.8	-	-	-	-	-	40.2	49.4	139.3	45.8
Police - Forensic Transition Special Service/Civilian	-	-	-	-	-	-	-	-	-	58.4
Police - Forensic Transition Special Service/Classified	-	-	-	-	-	-	-	-	-	51.1
PW&E - Building Inspection	380.0	1,313.8	1,362.2	1,373.6	940.4	907.3	814.0	647.6	571.5	560.6
PW&E - Sign Administration	31.6	-	-	-	-	-	-	-	-	-
PW&E - Stormwater Utility	413.6	-	-	-	404.7	385.5	384.2	354.7	377.7	337.3
PW&E - Houston TransStar	5.5	-	-	-	13.2	6.9	7.0	6.6	8.0	7.9
PW&E - Drainage and Street Renewal	-	-	-	-	-	-	532.4	490.4	505.2	485.0
Solid Waste Management	-	-	-	-	0.5	1.0	4.0	2.9	2.1	2.5
Total Special Revenue Funds	1,474.5	2,375.4	2,574.3	2,636.9	2,696.7	2,689.9	3,453.2	3,203.3	3,499.0	3,660.8
Total General, Enterprise and Special Funds	20,907.7	22,164.6	22,602.7	23,712.6	23,324.3	22,469.3	21,442.1	21,209.8	21,576.9	21,722.9
INTERNAL SERVICE/REVOLVING FUND										
Human Resources - Health Benefits	36.2	74.2	69.9	70.7	42.7	47.5	42.3	45.8	46.7	47.6
General Services - Central Svc Revolving	4.0	24.8	-	-	53.9	41.8	29.0	27.9	31.8	-
Human Resources - Central Svc Revolving	4.5	-	-	-	6.0	52.5	120.8	125.6	138.7	142.6
Admin. & Regulatory Affairs - Central Svc Revolving	5.9	6.0	-	-	-	-	-	-	-	-
Information Technology - Central Svc Revolving	2.0	-	3.3	2.9	15.6	28.3	44.2	45.6	53.7	51.8
General Services - In House Reconstruction	28.8	57.4	66.6	70.0	70.7	27.8	28.7	29.0	28.5	-
PW&E - CIP Salary Recovery	-	-	-	-	-	-	-	302.4	308.9	328.9
General Services - CIP Salary Recovery	19.6	-	-	-	-	-	-	-	-	-
Admin. and Regulatory Affairs - Property and Casualty	5.1	-	4.9	5.8	6.8	4.9	5.1	5.0	5.0	-
Legal - Property and Casualty	27.2	41.0	43.4	40.6	41.9	38.3	47.6	47.9	52.2	52.7
Human Resources - Workers Compensation	28.9	-	-	-	44.1	30.5	28.7	30.1	29.5	31.5
Legal - Workers Compensation	4.4	-	-	-	5.0	4.9	3.1	2.7	2.0	2.0
Total Internal Service/Revolving Funds	166.6	203.4	188.1	190.0	286.7	276.5	349.5	662.0	697.0	657.1
Total Full-time Equivalent Employees	21,074.3	22,368.0	22,790.8	23,902.6	23,611.0	22,745.8	21,791.6	21,871.8	22,273.9	22,380.0

Administration & Regulatory Affairs and the Finance Department were Finance and Administration.
Municipal Courts - Administration and Municipal Courts - Justice consolidated as the Department.
Fleet Management was established as a new department in FY 2012. It is no longer part of Public Works & Engineering.

CITY OF HOUSTON, TEXAS
OPERATING INDICATORS BY FUNCTION
June 30, 2015
(unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function										
Police										
Physical arrests	100,795	121,834	110,058	132,121	141,525	130,376	109,368	96,058	138,007	54,490 (6)
Parking violations	203,591	255,690	210,607	217,795	208,970	196,702	201,341	197,253	195,822	188,570
Traffic violations filed	851,573	939,932	867,535	920,341	875,134	686,714	729,490	587,835	557,609	472,553
Fire										
Number of calls dispatched	284,231	278,713	281,574	281,103	270,312	273,444	285,287	294,278	308,264	327,417
Inspections	38,937	32,694	31,800	84,378 (1)	86,561	87,511	84,826	82,515	85,945	88,367
Highways and streets										
Streets resurfaced (miles)	334	325	307	235	195	140	140	129	104	194
Tons of asphalt for pothole repair and skin patches	16,104	16,178	16,647	17,323	17,103	19,002	16,497	16,279	15,292	15,972
Parks and recreation										
Athletic field permits issued	1,995	2,073	2,494	2,331	2,490	2,490	1,985	2,375	2,344	2,312
Community center admissions	3,332,920	3,618,818	4,146,502	3,924,751	4,413,580	4,775,581	5,259,890	5,421,607	5,702,568	5,812,806
Sanitation										
Refuse collected (tons)	825,915	837,008	796,926	803,428	764,900	673,966	703,449	712,857	686,334	681,675
Recyclables collected (tons)	15,352	15,703	21,312	53,151 (2)	74,616	110,079 (4)	113,332	111,602	115,143	116,575
Water										
New connections	5,235	6,871	5,660	3,400	3,008	2,881	3,433	3,864	6,796 (5)	6,349
Water main breaks	4,939	5,623	2,797	9,822 (3)	12,556	11,688	17,999 (3)	11,343	11,935	10,572
Average daily pumpage (millions of gallons)	399.9	374.5	372.0	378.7	401.0	446.0	483.0	446.4	455.0	428.0
Wastewater										
Wastewater line repairs	2,413	2,315	2,160	2,059	2,267	2,164	2,487	2,660	2,210	2,186
Average daily sewage treatment (millions of gallons)	227.0	244.0	268.0	230.0	239.5	220.0	217.0	209.0	225.0	256.6

(1) The Fire Department now has a better system to record inspections. For example, a ten-building apartment complex is now counted as ten inspections, not one.

(2) The Solid Waste Department started the tree recycling program in January 2009, which greatly increased the tons of recyclables collected.

(3) A dry year caused a higher than usual number of breaks.

(4) Compostable bag program began in May 2010.

(5) New connections increase is related to an increase in population growth and construction in the City.

(6) Last year's arrests were especially high in an effort to clear open cases before implementing new system. Implementation of new system may have caused some arrests to go uncounted.

CITY OF HOUSTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
June 30, 2015
(unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function										
Public safety										
Police										
Stations	15	15	17	17	17	17	17	17	17	17
Patrol units	919	829	851	932 (1)	960	915	838	856	903	1,282
Fire										
Stations	90	90	91	91	92	94	94	92	92	93
Highways and streets										
Streets (lane miles)	15,645	15,645	15,645	15,763	15,763	15,397	15,397	15,397	15,397	15,404
Streetlights	176,000	172,300	173,000	173,520	174,008	174,795	175,249	175,516	174,373	174,075
Traffic signals	2,400	2,430	2,450	2,399 (2)	2,391	2,395	2,439	2,449	2,467	2,467
Parks and recreation										
Parks acreage	24,493	38,934	38,934	38,970	38,992	37,846	37,846	37,851	37,851	37,859
Parks	533	539	540	546	545	527	527	527	528	533
Swimming pools	40	58	62	62	61	61	59	57	57	56
Tennis Centers	3	3	3	3	3	3	3	3	3	3
Community centers	56	56	58	58	58	58	59	60	60	61 (6)
Sanitation										
Collection trucks	338	326	337	322	329	326	321	323	323	343
Water										
Water mains (miles)	7,354	7,501	6,500	6,500	7,466	7,500	7,146 (5)	7,143	7,198	7,128
Fire hydrants	54,829	54,522	56,950	57,432	57,500	57,013	57,000	58,162	58,984	Not Available
Maximum daily capacity (millions of gallons)	750.0	750.0	750.0	740.0	773.0	842.0 (3)	905.0	853.0	885.0	803.0
Sewer										
Sanitary sewers (miles)	6,250	6,250	6,250	6,250	6,250	6,403 (4)	6,700	6,950	6,950	6,950
Storm sewers (miles)	3,420	3,487	3,513	3,513	3,618	3,698	3,700	3,789	3,838	3,838
Maximum daily treatment permitted (millions of gallons)	564.0	564.0	564.0	564.0	564.0	563.0	563.0	563.0	565.0	563.0

- (1) The number of patrol units greatly increased due to Hurricane Ike.
- (2) The number of traffic signals decreased because FY2008 included assuming responsibility from TXDOT for additional signals. This did not happen.
- (3) The maximum daily capacity for FY 2002 to FY 2010 were adjusted to reflect updated information received from the division. FY 2005 to FY 2008 are estimated.
- (4) The sanitary sewers (miles) for FY2005 to FY2010 were adjusted to reflect updated information received from the division.
- (5) The water mains (miles) for FY2012 was adjusted to reflect updated information received from the division.
- (6) Includes new Memorial Running Center

CITY OF HOUSTON, TEXAS
June 30, 2015
INCREASES/DECREASES TO NET POSITION OF PENSION PLANS
(amounts expressed in thousands)
(unaudited)

	<u>Police</u>	<u>Fire</u>	<u>Municipal</u>	<u>Total</u>
Additions	186.7	169.5	235.6	591.8
Deductions	<u>230.1</u>	<u>204.7</u>	<u>243.5</u>	<u>678.3</u>
Net Increase	<u>(43.4)</u>	<u>(35.2)</u>	<u>(7.9)</u>	<u>(86.5)</u>
City's Total Contribution	<u><u>113.7</u></u>	<u><u>92.6</u></u>	<u><u>145.0</u></u>	<u><u>351.3</u></u>

The City's funding policies provide for actuarially determined periodic contributions at rates such that overtime will remain level as a percentage of payroll. The contribution rate for normal cost is determined by using the entry age normal cost method. The pension plans use the level percentage of payroll method to amortize the unfunded actuarially accrued liability (or surplus) over 40 years from January 1, 1993.

CITY OF HOUSTON, TEXAS
PRINCIPAL AND INTEREST PAYABLE FROM AD VALOREM TAXES
(EXCLUDING COMMERCIAL PAPER NOTES)
(unaudited)

The following schedule presents the City's debt service requirements for Fiscal Years 2016 through 2045 for the outstanding Tax Bonds, Pension Obligations, and Tax Certificates. Debt service on commercial paper notes is not reflected in the schedule below.

Fiscal Year Ended June 30	Tax Bonds ^{(a)(d)}	Pension Obligations ^(b)	Tax Certificates ^(c)	Total Debt Service ^(e)
2016	\$ 290,155,907	\$ 37,594,989	\$ 428,300	\$ 328,179,196
2017	316,189,032	37,632,525	428,300	354,249,857
2018	319,300,437	37,683,328	1,508,300	358,492,065
2019	294,053,315	37,729,883	1,509,300	333,292,498
2020	288,159,368	37,780,617	1,512,550	327,452,535
2021	245,462,276	46,278,329	1,512,800	293,253,405
2022	226,701,450	46,304,626	1,510,050	274,516,126
2023	231,688,459	46,316,733	1,509,300	279,514,492
2024	161,486,209	46,341,190	9,030,150	216,857,549
2025	160,572,845	46,362,652		206,935,497
2026	123,474,316	46,391,400		169,865,716
2027	140,208,512	46,411,773		186,620,285
2028	134,200,095	46,438,740		180,638,835
2029	98,058,543	53,987,364		152,045,907
2030	61,169,423	54,026,387		115,195,810
2031	39,560,363	65,477,864		105,038,227
2032	41,370,006	65,510,991		106,880,997
2033	32,687,416	29,605,810		62,293,226
2034	29,959,144	6,449,801		36,408,945
2035	18,304,463	49,741,158		68,045,621
2036	16,923,383	39,478,573		56,401,956
2037	13,528,584	24,547,368		38,075,952
2038	9,976,048	880,470		10,856,518
2039	7,024,066	880,470		7,904,536
2040	4,521,200	880,470		5,401,670
2041	4,522,800	21,130,470		25,653,270
2042	4,520,900			4,520,900
2043	3,155,250			3,155,250
2044	-			-
2045	-			-
Total	\$ 3,316,933,810	\$ 971,863,981	\$ 18,949,050	\$ 4,307,746,841

Each Fiscal Year the City budgets for Commercial Paper Notes debt service and related reserve funds based on a calculation that assumes a certain amount of Commercial Paper Notes is expected to be issued during that Fiscal Year at an assumed rate of interest.

- (a) Total debt service does not include payments related to various leases for office space and equipment, which are not considered debt under Texas law. The terms and conditions of such leases and agreements vary.
- (b) A portion of the debt service for the Pension Obligations is paid by the City's Combined Utility System and Airport System.
- (c) The City's \$9,000,000 Certificate of Obligation (Demolition Program), Series 2014Q, is reflected at an assumed rate of 4.310%.
- (d) Excludes estimated federal Build America Bond subsidy payment of 35% of interest paid in connection with the City's Public Improvement Refunding Bonds, Taxable Series 2009B and 2010B (Direct Subsidy-Build America Bonds).
- (e) Totals may reflect a variance due to rounding.

CITY OF HOUSTON, TEXAS
June 30, 2015
VOTER-AUTHORIZED OBLIGATIONS
(amounts expressed in thousands)
(unaudited)

The following schedule sets forth the categories of bond authorization approved by the voters in elections held in November of 2001 (the "2001 Election"), November of 2006 (the "2006 Election") and November of 2012 (the "2012 Election"), the amount of each such authorization approved by City Council for issuance as Commercial Paper Notes, the amount of commercial paper issued as of year-end, and the amount of commercial paper approved but unissued. The City has issued all bonds authorized at the election held in November of 1997.

November 2001 Election

Purposes	Voter Authorized	Approved by City	Commercial	Commercial Paper	All Voter
		Council for Issuance as Commercial Paper Notes	Paper Issued ^(a)	Notes Approved by City Council but Unissued	Authorized but Unissued
Streets, Bridges, Traffic Control	\$ 474,000	\$ 474,000	\$ 470,300	\$ 3,700	\$ 3,700
Parks and Recreation	80,000	80,000	80,000	-	-
Police and Fire Departments	82,000	82,000	82,000	-	-
Permanent and General Improvements ^(b)	80,000	80,000	80,000	-	-
Public Libraries	40,000	40,000	40,000	-	-
Low Income Housing	20,000	20,000	10,985	9,015	9,015
Total	\$ 776,000	\$ 776,000	\$ 763,285	\$ 12,715	\$ 12,715

November 2006 Election

Purposes	Voter Authorized	Approved by City	Commercial	Commercial Paper	All Voter
		Council for Issuance as Commercial Paper Notes	Paper Issued ^(a)	Notes Approved by City Council but Unissued	Authorized but Unissued
Streets, Bridges, Traffic Control	\$ 320,000	\$ 219,950	\$ 76,260	\$ 143,690	\$ 243,740
Parks and Recreation	55,000	55,000	55,000	-	-
Public Safety	135,000	135,000	107,055	27,945	27,945
Permanent and General Improvements ^(b)	60,000	60,000	56,450	3,550	3,550
Public Libraries	37,000	37,000	37,000	-	-
Low Income Housing	18,000	18,008	3,500	14,508	14,500
Total	\$ 625,000	\$ 524,958	\$ 335,265	\$ 189,693	\$ 289,735

November 2012 Election

Purposes	Voter Authorized	Approved by City	Commercial	Commercial Paper	All Voter
		Council for Issuance as Commercial Paper Notes	Paper Issued ^(a)	Notes Approved by City Council but Unissued	Authorized but Unissued
Streets, Bridges, Traffic Control	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	166,000	50,890	4,000	46,890	162,000
Public Safety	144,000	74,143	-	74,143	144,000
Permanent and General Improvements ^(b)	57,000	29,393	5,750	23,643	51,250
Public Libraries	28,000	13,545	2,850	10,695	25,150
Low Income Housing	15,000	2,000	-	2,000	15,000
Total	\$ 410,000	\$ 169,971	\$ 12,600	\$ 157,371	\$ 397,400
Combined Total (2001, 2006 and 2012 Elections)	\$ 1,811,000	\$ 1,470,929	\$ 1,111,150	\$ 359,779	\$ 699,850

(a) As of June 30, 2015

(b) Includes Public Health and Solid Waste Management.

CITY OF HOUSTON, TEXAS
June 30, 2015
(unaudited)

SALES AND USE TAX AND FRANCHISE CHARGES AND FEES

<u>Fiscal Year</u>	<u>Sales and Use Tax</u> (in thousands)	<u>Charges and Fees</u> (in thousands)
2007	\$ 461,467	\$ 189,551
2008	\$ 495,173	\$ 190,193
2009	\$ 507,103	\$ 190,322
2010	\$ 468,965	\$ 190,868
2011	\$ 492,824	\$ 190,563
2012	\$ 546,543	\$ 192,760
2013	\$ 600,256	\$ 195,304
2014	\$ 629,441	\$ 189,989
2015	\$ 667,061	\$ 189,836
2016 (budgeted)	\$ 688,837	\$ 187,791

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating Revenues					
Fees charged to users, net	\$ 19,599	\$ 20,554	\$ 22,306	\$ 20,902	\$ 20,298
Total Operating Revenues	<u>19,599</u>	<u>20,554</u>	<u>22,306</u>	<u>20,902</u>	<u>20,298</u>
Nonoperating Revenues					
Interest	16,729	18,704	19,186	17,688	11,971
Hotel occupancy tax (including penalty & interest)	54,765	58,709	66,232	62,383	54,917
Other income	4,190	13,215	5,669	113,265	18,997
Total Nonoperating Revenues	<u>75,684</u>	<u>90,628</u>	<u>91,087</u>	<u>193,336</u>	<u>85,885</u>
Total Revenues	<u>\$ 95,283</u>	<u>\$ 111,182</u>	<u>\$ 113,393</u>	<u>\$ 214,238</u>	<u>\$ 106,183</u>
Total Annual Expenses Last Ten Fiscal Years	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating Expenses					
Maintenance and operating	\$ 33,437	\$ 35,342	\$ 37,276	\$ 39,142	\$ 39,817
Depreciation	10,984	11,925	12,084	14,888	14,958
Total Operating Expenses	<u>44,421</u>	<u>47,267</u>	<u>49,360</u>	<u>54,030</u>	<u>54,775</u>
Nonoperating Expenses					
Interest on long-term debt	30,970	32,859	33,150	29,740	26,032
Promotional contracts & other expenses	23,880	21,119	28,659	30,840	32,988
Total Nonoperating Expenses	<u>54,850</u>	<u>53,978</u>	<u>61,809</u>	<u>60,580</u>	<u>59,020</u>
Total Expenses	<u>\$ 99,271</u>	<u>\$ 101,245</u>	<u>\$ 111,169</u>	<u>\$ 114,610</u>	<u>\$ 113,795</u>

2011	2012	2013	2014	2015
\$ 22,877	\$ 8,934	\$ 10,372	\$ 11,124	\$ 12,390
22,877	8,934	10,372	11,124	12,390
9,562	10,010	9,080	9,637	4,933
61,603	68,623	76,325	90,119	90,711
18,266	525	413	292	818
89,431	79,158	85,818	100,048	96,462
\$ 112,308	\$ 88,092	\$ 96,190	\$ 111,172	\$ 108,852

2011	2012	2013	2014	2015
\$ 40,229	\$ 1,885	\$ 1,780	\$ 1,199	\$ 1,380
15,227	14,703	14,488	14,219	14,375
55,456	16,588	16,268	15,418	15,755
25,194	25,799	26,150	25,791	29,684
27,513	100,046	62,662	73,371	79,312
52,707	125,845	88,812	99,162	108,996
\$ 108,163	\$ 142,433	\$ 105,080	\$ 114,580	\$ 124,751

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Last Ten Fiscal Years
(unaudited)

HISTORICAL PLEDGED REVENUES
(amounts expressed in thousands)

Fiscal Year	Pledged HOT (a)	% Change	Pledged Parking Revenues (b)	% Change	Tax Rebates (c)	% Change	Total (d)
2006	44,204	29.6%	6,734	0.8%	7,233	10.8%	58,171
2007	47,387	7.2%	6,810	1.1%	7,223	-0.1%	61,420
2008	53,459	12.8%	7,333	7.7%	8,951	23.9%	69,743
2009	49,694	-7.0%	6,727	-8.3%	8,913	-0.4%	65,334
2010	44,483	-10.5%	7,477	11.1%	7,844	-12.0%	59,804
2011	49,723	12.0%	7,286	-3.0%	8,177	4.0%	65,186
2012	55,388	11.4%	6,632	-9.0%	9,937	21.5%	71,957
2013	61,605	11.2%	7,892	19.0%	9,395	-5.0%	78,892
2014	72,739	18.1%	8,644	9.5%	7,762	-17.4%	89,145
2015	73,217	4.0%	9,810	5.0%	0	-100.0%	83,027

- (a) The Pledged Hotel Occupancy Tax (HOT) revenues are revenues (including penalties, interest and delinquencies, if any) collected due to an occupancy tax of 5.65% applied to the cost of substantially all hotel room rentals in the City other than the Hilton Americas Hotel during the first ten years of its operation. The total HOT imposed by the City is 7%.
- (b) The City's pledge of parking revenues for debt service is subordinate to the City's pledge of the first \$1,200,000 of such gross revenues, charges and tolls to the payment of its annual obligation under the Music Hall Lease, unless such obligation is paid, defeased, matures or is otherwise restructured. These annual payments totaled \$1,000,000 for fiscal years 2001-2005, \$1,050,000 for fiscal year 2006, and \$1,100,000 for fiscal years 2007-2011.
- (c) The Tax Rebates consist of rebates of hotel occupancy taxes, sales taxes, and mixed beverage taxes derived from the Hilton Americas Hotel and parking garage during the first ten years of operation. This ended 12-31-13, so there are no rebates to report in FY2015.
- (d) Amounts shown do not include investment earnings on pledged revenues, which are also pledged.

(amounts expressed in thousands)

Fiscal Year	HOT Tax 15%	Sales Tax 8.25% ⁽¹⁾	Mixed Beverage Tax 3%	Total Tax Rebate
2006	5,403	1,659	171	7,233
2007	5,351	1,769	103	7,223
2008	6,436	2,268	247	8,951
2009	6,225	2,471	217	8,913
2010	5,287	2,374	183	7,844
2011	5,488	2,537	152	8,177
2012	7,185	2,566	186	9,937
2013	6,692	2,620	83	9,395
2014	6,043	1,664	55	7,762
2015 (c)	0	0	0	0

(1) Includes taxes on food, telephone and other sales.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Last Ten Fiscal Years
(unaudited)

Schedule of Hotel Occupancy Tax and Occupancy Rates

Fiscal Year	Occupancy % Rate (1)	Average Daily Rate (1)	Tax % Rate	Gross Hotel Occupancy Tax Revenues (in thousands)
2006	65.6%	85.26	7%	56,735
2007	65.8%	92.23	7%	60,777
2008	67.2%	100.78	7%	68,413
2009	55.6%	92.38	7%	64,486
2010	55.4%	88.66	7%	56,753
2011	63.0%	95.37	7%	63,629
2012	65.4%	95.35	7%	70,731
2013	68.0%	101.0	7%	79,736
2014	70.5%	108.8	7%	90,345
2015	70.3%	111.17	7%	90,711

(1) Source: Greater Houston Partnership.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2015
(unaudited)

Schedule of Hotel Occupancy Tax Collections

<u>The Twelve Largest Taxpayers</u>	<u>Gross Hotel Occupancy Tax Collections</u>
Hilton Americas-Houston	\$ 4,025,136
Hyatt Regency Hotel	2,537,002
Four Seasons Hotel Houston Center	2,010,323
Westin Galleria	1,686,170
JW Marriott Galleria	1,591,469
Hilton Houston Post Oak	1,490,440
Westin Oaks	1,449,970
Houston Marriott Westchase	1,442,324
Hotel Zaza	1,385,709
Marriott Medical	1,322,829
Houstonian Hotel	1,265,936
Marriott Hotel (IAH)	1,237,419
Total	<u>\$ 21,444,727</u>

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2015
(unaudited)

Parking Facilities Rates

Facility	City Employee Monthly Contract (1)	Other Monthly Contract (2)	Daily Transient (2)	Event Rate (2)
Theater District Garage	\$81.00	\$145.00 \$93.00 (3) \$120.00 (4)	\$3.00 per hour \$15.00 Maximum	\$10.00
Reserved parking		\$225.00		
City Hall Annex Parking Garage	\$51.76	\$93.00	n/a	\$10.00
Lots C and H	\$44.33	\$48.00	n/a	\$7.00

(1) Does not include sales and use tax of 8.25%

(2) Includes sales and use tax of 8.25%

(3) Rates paid by Convention & Entertainment Facilities departmental contractors

(4) Bulk contract parking agreement

Source: www.houstonfirsttheaters.com/parking, COH, Convention & Entertainment Facilities Department

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Debt Service Schedule
(unaudited)

The following table sets forth the Debt Service Requirements on all Convention & Entertainment Revenue Bonds Outstanding assuming scheduled mandatory redemption of any term bonds.

Fiscal Year Ending June 30	Series 2001 Bonds	Series 2001C-1 Bonds (1)	Series 2001C-2 Bonds (1)	Series 2011A Bonds	Series 2011B Bonds	Series 2014 Bonds	Series 2015 Bonds	Total Debt Service
2016	6,555,000	188,751	165,157	15,532,988	9,748,138	4,395,200	6,306,892	\$ 42,892,126
2017	18,050,000	279,663	244,705	5,099,738	9,732,637	4,392,150	6,468,800	\$ 44,267,693
2018	17,760,000	285,822	250,095	6,050,488	1,203,026	4,395,450	7,622,950	\$ 37,567,831
2019	17,285,000	1,974,536	3,384,455	6,994,988	1,202,765	4,393,125	10,792,050	\$ 46,026,919
2020	17,160,000	2,037,392	3,536,829	7,991,544	1,151,025	4,394,750	10,787,625	\$ 47,059,165
2021	16,695,000	2,123,993	3,662,621	8,344,475	1,190,275	4,394,125	10,516,250	\$ 46,926,739
2022	22,720,000	2,211,227	3,838,161	3,366,625	1,366,025	4,396,125	10,719,500	\$ 48,617,663
2023	23,320,000	2,297,082	2,616,512	3,375,625	1,386,275	4,395,625	11,616,875	\$ 49,007,994
2024	24,220,000	2,386,061	2,451,939	3,356,225	1,422,075	4,392,625	11,714,000	\$ 49,942,925
2025	24,930,000	2,465,914	2,333,235	3,339,788	1,447,212	4,396,875	11,892,250	\$ 50,805,274
2026	25,850,000	2,575,103	2,193,405	3,334,575	873,150	4,393,250	12,014,750	\$ 51,234,233
2027	26,610,000	2,707,812	2,029,234	3,659,550	936,424	8,252,750	9,006,875	\$ 53,202,645
2028	27,355,000	2,814,559	1,891,024	3,624,081	774,112	7,991,750	9,336,125	\$ 53,786,651
2029	28,305,000	2,897,368	1,779,399	3,711,794	793,662	8,286,500	8,499,500	\$ 54,273,223
2030	29,065,000	3,025,279	1,616,862	3,590,738	757,162	8,040,875	8,578,375	\$ 54,674,291
2031	29,950,000	3,179,225	1,431,454	3,071,875	755,912	8,183,000	8,376,750	\$ 54,948,216
2032	30,530,000	3,307,037	1,272,180	2,877,750	783,162	8,073,750	8,276,125	\$ 55,120,004
2033	30,560,000	3,458,692	1,089,019	2,838,000	646,518	8,149,000	8,531,875	\$ 55,273,104
2034	30,550,000	3,061,103	1,455,278	2,706,000	0	9,529,750	7,806,625	\$ 55,108,756
2035	0	0	0	0	0	2,480,875	4,416,250	\$ 6,897,125
2036	0	0	0	0	0	2,479,250	4,416,750	\$ 6,896,000
2037	0	0	0	0	0	2,482,625	4,415,125	\$ 6,897,750
2038	0	0	0	0	0	2,480,750	4,416,000	\$ 6,896,750
2039	0	0	0	0	0	2,478,500	4,414,000	\$ 6,892,500
2040	0	0	0	0	0	2,480,500	4,413,750	\$ 6,894,250
2041	0	0	0	0	0	0	4,414,750	\$ 4,414,750
2042	0	0	0	0	0	0	4,416,200	\$ 4,416,200
2043	0	0	0	0	0	0	4,414,500	\$ 4,414,500
2044	0	0	0	0	0	0	4,416,400	\$ 4,416,400
2045	0	0	0	0	0	0	4,416,600	\$ 4,416,600
Total	\$ 447,470,000	\$ 43,276,619	\$ 37,241,564	\$ 92,866,847	\$ 36,169,555	\$ 129,729,175	\$ 227,434,517	\$ 1,014,188,277

(1) Assumes an interest rate of 5.2% for the Series 2001C-1 Auction Rate Certificates and the 2001 C-2 Auction Rate Certificates.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
(amounts expressed in thousands)
(unaudited)

Convention & Entertainment Budget for Fiscal Year 2016

Budgeted Resources

Operating Revenues

Facility Rentals	\$ 1,380
Parking	10,426
Total Operating Revenues	<u>11,806</u>

Operating Expenses

Personnel	191
Services	125
Total Operating Expenses	<u>316</u>
Operating Income (Loss)	<u>11,490</u>

Nonoperating Revenues (Expenses)

Hotel Occupancy Tax	
Current	92,500
Delinquent	1,250
Net Hotel Occupancy Tax	<u>93,750</u>
Investment Income (Loss)	300
Other Interest	(235)
Other	292
Total nonoperating Rev (Exp)	<u>94,107</u>
Income (Loss) Before Operating Transfers	<u>105,597</u>

Transfers

Transfers to Interest	11,407
Transfers to Principal	13,420
Transfer to Debt Service	65
Transfers to Component Unit	78,924
Transfers to General Fund	1,380
Total Transfers	<u>105,196</u>

Net Income (Loss) Operating Fund	<u>\$ 401</u>
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CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	2006	2007	2008	2009	2010
Operating Revenues					
Water sales	\$ 324,878	\$ 308,046	\$ 328,435	\$ 351,608	\$ 356,046
Waste water system user charges	307,764	295,423	305,748	323,301	320,722
Penalties and Other services and charges	10,020	11,996	14,084	12,329	14,370
Total Operating Revenues	642,662	615,465	648,267	687,238	691,138
Nonoperating Revenues					
Interest	18,650	36,014	35,436	33,436	15,160
Other income	26,557	54,572	84,228	51,262	65,077
Total Nonoperating Revenues	45,207	90,586	119,664	84,698	80,237
Total Revenues	\$ 687,869	\$ 706,051	\$ 767,931	\$ 771,936	\$ 771,375

Total Annual Expenses Last Ten Fiscal Years	2006	2007	2008	2009	2010
Operating Expenses					
Maintenance and operating	\$ 302,955	\$ 315,348	\$ 346,652	\$ 371,770	\$ 372,365
Depreciation and Amortization	228,665	257,722	220,202	204,919	203,695
Total Operating Expenses	531,620	573,070	566,854	576,689	576,060
Nonoperating Expenses					
Interest on long-term debt	214,880	242,282	267,505	260,396	273,609
Other expenses	5,622	3,478	19,515	5,432	-
Total Nonoperating Expenses	220,502	245,760	287,020	265,828	273,609
Total Expenses	\$ 752,122	\$ 818,830	\$ 853,874	\$ 842,517	\$ 849,669

2011	2012	2013 Corrected	2014 Restated	2015
\$ 455,333	\$ 480,676	\$ 485,485	\$ 499,913	\$ 486,517
410,941	421,370	426,888	441,300	434,305
12,901	15,192	17,455	12,195	6,602
<u>879,175</u>	<u>917,238</u>	<u>929,828</u>	<u>953,408</u>	<u>927,424</u>
10,090	5,696	(507)	10,688	7,685
20,453	45,448	41,521	69,370	37,910
<u>30,543</u>	<u>51,144</u>	<u>41,014</u>	<u>80,058</u>	<u>45,595</u>
<u>\$ 909,718</u>	<u>\$ 968,382</u>	<u>\$ 970,842</u>	<u>\$ 1,033,466</u>	<u>\$ 973,019</u>

2011	2012	2013	2014	2015
\$ 363,260	\$ 410,781	\$ 395,439	\$ 635,081	\$ 428,732
214,956	211,170	217,622	223,381	231,048
<u>578,216</u>	<u>621,951</u>	<u>613,061</u>	<u>858,462</u>	<u>659,780</u>
-	290,882	285,378	291,122	265,013
12,273	670	286	5,397	(954)
<u>12,273</u>	<u>291,552</u>	<u>285,664</u>	<u>296,519</u>	<u>264,059</u>
<u>\$ 590,489</u>	<u>\$ 913,503</u>	<u>\$ 898,725</u>	<u>\$ 1,154,981</u>	<u>\$ 923,839</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM REVENUE BOND COVERAGE
(amounts expressed in thousands)
(unaudited)

	<u>Fiscal Year 2015</u>		<u>Fiscal Year 2014</u>
OPERATING REVENUES			
Sales of water, net	\$ 486,517		\$ 499,913
Sewer system user charges, net	434,305		441,300
Penalties, other services and charges	6,602		12,195
Total Operating Revenues:	<u>927,424</u>		<u>953,408</u>
NON-OPERATING REVENUES			
Investment Earnings under Previous Ordinance	5,733		5,385
Investment Earnings under Master Ordinance	2,221		1,401
Other Non-Operating revenues	7,671		33,682
Total non-operating revenues	<u>15,625</u>		<u>40,468</u>
TOTAL GROSS REVENUES:	<u>943,049</u>		<u>993,876</u>
EXPENSES			
Contract Revenue Bonds Payments ⁽¹⁾			
Coastal Water Authority Debt Service	18,064		18,875
Total Contract Revenue Bonds Payments	<u>18,064</u>		<u>18,875</u>
Maintenance and Operating Expenses	406,619		387,398
Total Expenses	<u>424,683</u>		<u>406,273</u>
RESTRICTED RECEIPTS UNDER MASTER ORDINANCE	<u>30,240</u>		<u>35,687</u>
NET REVENUES UNDER MASTER ORDINANCE	<u>\$ 548,606</u>		<u>\$ 623,290</u>
BOND DEBT SERVICE:			
Previously Issued Bonds	11,215		15,293
First Lien Bonds	396,101		387,750
Total Debt Service	<u>\$ 407,316</u>		<u>\$ 403,043</u>
BOND DEBT SERVICE COVERAGE:			
Junior Lien Bond Coverage under Previous Ordinance ⁽²⁾	46.02	x	38.33 x
First Lien Bond Coverage under Master Ordinance ⁽³⁾	1.36	x	1.57 x
TOTAL COVERAGE ⁽⁴⁾	1.35	x	1.55 x

(1) These are "Required Payments Under Previous Ordinance."

(2) Coverage of debt service on Previous Ordinance Bonds by Net Revenues as calculated under Previous Ordinance, which does not include as revenues Investment Earnings under Master Ordinance and Restricted Revenues.

(3) Coverage of Debt Service on First Lien Bonds by Net Revenues, less debt service on Junior Lien Bonds under Previous Ordinance.

(4) Coverage of total Debt Service on Junior Lien Bonds under Previous Ordinance and First Lien Bonds under Master Ordinance by Net Revenues.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
System Budget for Fiscal Year 2016
(amounts expressed in thousands)
(unaudited)

The following is the summary of the Fiscal Year 2016 Budget for the System as adopted by City Council:

Revenues	
Beginning Fund Balance (July 1, 2015)	\$ 615,155
Current Revenues	<u>1,060,788</u>
Total Revenues	<u><u>\$ 1,675,943</u></u>
Expenditures	
Maintenance and Operations	\$ 483,947
CWA Debt Service	17,684
Debt Service (including Prior Lien Bonds, Junior Lien Bonds and Commercial Paper)	459,756
Interfund Transfers	<u>-</u>
Total Expenditures	961,387
Other	
General Purpose Fund (including Discretionary Debt Service)	136,982
Planned Fund Balance (June 30, 2016)	<u>577,574</u>
Total Expenditures and Reserves	<u><u>\$ 1,675,943</u></u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
(unaudited)

The following calculation shows coverage by Net Revenues of Maximum Annual Debt Service on the Previous Ordinance and First Lien Bonds.

	FY 2015
Maximum Annual Debt Service Requirements on Previous Ordinance Bonds (2029) ⁽¹⁾	\$ 44,095,000
Maximum Annual Debt Service Requirements on First Lien Bonds (2034) ⁽¹⁾	\$ 467,248,339
Combined Maximum Annual Principal and Interest Requirements on Previous Ordinance Bonds and First Lien Bonds (2034)	\$ 467,248,339
Net Revenues under Previous Ordinance for Fiscal Year ended June 30, 2015 ⁽²⁾	\$ 516,145,995
Net Revenues under Master Ordinance for Fiscal Year ended June 30, 2015 ⁽³⁾	\$ 548,606,046
Funds Available from General Purpose Fund at June 30, 2015	\$ 486,870,395
Total Funds available for Debt Service Coverage	\$ 1,035,476,441
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds	11.71
Coverage of Maximum Annual Debt Service Requirements on First Lien Bonds	2.22
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds and First Lien Bonds	2.22

(1) Does not include debt service on CWA Bonds, which are payable from Gross Revenues as a Maintenance and Operating Expense of the System.

(2) Excludes Investment Earnings under Master Ordinance and Restricted Receipts under Master Ordinance.

(3) Net Revenues as calculated under the Master Ordinance, which includes as revenues restricted receipts and earnings under the Master Ordinance.

The System - Water & Sewer Facilities General

The City of Houston Water Operation System includes 3 water treatment facilities: The East Plant, Southeast Plant, and NorthEast Plant, and approximately 7,500 miles of water conveyance and distribution. It consists of 130 ground water wells, and 68 ground water pumping stations (52 in the main system). It also manages 135 water storage tanks (111 ground storage and 24 elevated storage), over 59,260 fire hydrants and 155,380 valves, and 456,571 meters totaling 934,477 connections. During Fiscal Year 2015, the system provided an average of 428 million gallons per day to the Houston and vicinity customers. The maximum daily water treatment capacity is 803 million gallons per day.

The City of Houston Wastewater Operation System services approximately 590 square miles within the City of Houston area. It consists of 40 wastewater treatment facilities with over 380 lift stations, 3 wet weather facilities, about 6,950 miles of sanitary sewer lines, 340 miles of forced mains, and over 125,000 manholes. During Fiscal Year 2015, the average daily sewage treatment was 256.6 millions gallons per day. The maximum permitted treatment capacity of the facilities is 563 million gallons per day.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
(unaudited)

Funding of Proposed System Improvements

It is anticipated that the system improvements contemplated in the Department's Fiscal Year 2016 - 2020 CIP will be financed approximately as follows:

Proposed Source of Funding	Amount (in millions)
System Revenue Bonds (Net Proceeds and Interest Earnings) ⁽¹⁾	\$ 1,670.2
System Revenue	385.0
Swift Loan (subordinate Lien)	285.8
Contributed Capital	1,290.9
	\$ 3,631.9

- (1) The department's fiscal year 2016-2020 CIP anticipates the periodic issuance of additional First Lien Bonds and Subordinate Lien Commercial Paper. City Council must approve each issuance of bonds, but not each issuance of Commercial Paper Notes.

Obligations Payable from System Revenues

The following sets forth the total outstanding principal amount of the system obligations payable from revenues of the system as of June 30, 2015:

Contract Revenue Bonds Payable from System Gross Revenues	Amount
CWA Bonds (2)	\$ 85,925,000
Total - Contract Revenue Bonds	\$ 85,925,000
System Revenue Bonds Payable from System Net Revenues	
Previous Ordinance Bonds	57,338,694
First Lien Bonds	5,917,480,000
Total - System Revenue Bonds	\$ 5,974,818,694
Total - All Bonds Payable from System Revenues	\$ 6,060,743,694

- (2) CWA Bonds (2)
- (2) Under a 1968 agreement, as amended and superseded in part, and a 1995 agreement, CWA agreed to construct the CWA conveyance system and certain other projects and the City agreed to pay, as a maintenance and operation expense of the System, amounts calculated to be sufficient to cover maintenance and operation expenses of the CWA Conveyance System plus debt service of the CWA Bonds.

**CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
(unaudited)**

Discretionary Debt Service Paid by the System

The total amount of Discretionary Debt Service paid from Net Revenues of the System for the past nine fiscal years and the amount budgeted for fiscal year 2016 is set forth below:

Fiscal Year	Discretionary Debt Service (in millions)
2016 (budgeted)	\$ 9.9
2015	12.0
2014	13.1
2013	15.8
2012	21.1
2011	21.7
2010	26.9
2009	28.4
2008	25.8
2007	24.7

Combined Utility System General Purpose Fund Transfers for Drainage

Since Fiscal Year 2006 the Combined Utility System has made transfers from its General Purpose Fund to the Storm Water Fund as shown below.

Fiscal Year	General Purpose Fund Transfers (in millions)
2016 (budgeted)	\$ 42.2
2015	35.2
2014	45.5
2013	43.8
2012	44.4
2011	54.8
2010	40.6
2009	39.4
2008	36.5
2007	34.1

Indirect Charges Paid by the System

Fiscal Year	Indirect Charges (in thousands)
2016 (budgeted)	\$ 9,810
2015	9,776
2014	6,173
2013	3,479
2012	3,869
2011	3,034
2010	3,148
2009	590
2008	923
2007	2,309

CITY OF HOUSTON, TEXAS

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**CITY OF HOUSTON, TEXAS
 COMBINED UTILITY SYSTEM STATISTICS
 TREATED WATER/RAW WATER & SEWER ONLY
 (NOT INCLUDING WHOLESALE NOR RAW WATER)
 Last Ten Fiscal Years
 (unaudited)**

Fiscal Years	2006	2007	2008	2009	2010
Consumption (in Thousand Gallons)					
RESIDENTIAL	29,372,166	26,094,949	26,312,961	26,970,248	28,111,338
MULTI-FAMILY	25,917,787	24,961,804	25,156,968	25,012,299	25,586,924
COMMERCIAL	23,106,449	21,941,537	22,748,096	21,972,495	22,382,315
GOVERNMENT	5,151,211	4,614,053	4,710,923	4,713,905	5,197,448
SEWER ONLY	1,242,852	1,324,905	1,381,145	1,361,135	1,357,879
OTHER ACCTS	5,808,363	4,394,176	4,573,030	5,678,987	6,351,286
TOTAL	90,598,828	83,331,424	84,883,123	85,709,069	88,987,190
Revenue Amount	\$ 582,872,263	\$ 558,078,148	\$ 581,130,048	\$ 597,498,813	\$ 640,586,498
Average Rate / Water & Sewer	\$6.43	\$6.70	\$6.85	\$6.97	\$7.20

2011	2012	2013	2014	2015
28,553,893	29,400,266	26,239,053	25,263,997	23,265,022
25,069,764	24,811,699	25,173,568	25,131,767	25,370,691
21,997,822	22,079,299	21,508,026	21,728,794	21,591,973
4,807,824	4,835,549	4,686,403	4,688,639	3,149,624
1,228,458	1,215,254	1,331,651	1,343,031	1,584,261
6,461,476	7,473,765	6,981,799	6,339,166	5,099,403
<u>88,119,237</u>	<u>89,815,832</u>	<u>85,920,500</u>	<u>84,495,394</u>	<u>80,060,974</u>
<u>\$ 763,685,117</u>	<u>\$ 809,001,774</u>	<u>\$ 805,440,324</u>	<u>\$ 828,136,771</u>	<u>\$ 812,279,978</u>
\$8.67	\$9.01	\$9.37	\$9.80	\$10.15

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2015
(unaudited)

Water Right Permit

As of the date of this Official Statement, the City has received the following water rights permits:

	Rights in MGD
Surface Water	
Trinity River Basin	914
Water Reuse	259
San Jacinto River Basin	258
Bayous	116
Brazos River Basin	62
Total Surface Water Rights	1,609
Ground Water (1)	235
Total Water Available	1,844

(1) Pursuant to rules of the Harris - Galveston Coastal Subsidence District.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2015
(unaudited)

Largest Sewer Customers

The following schedule presents information concerning the ten largest customers of the Sewer Facilities for the twelve month period ended June 30, 2015. The total charges to such customers represent approximately 2.39% of the System Gross Revenues and 5.47% of Sewer Facilities gross charges during such period.

Customer	Gross Charges
1. Anheuser - Busch, Inc.	\$ 4,518,145
2. Harris County	3,827,016
3. City of Houston	3,569,115
4. Houston Independent School District	2,767,596
5. University of Houston	2,715,575
6. Oak Farms Dairies	1,848,830
7. Methodist Hospital	1,755,401
8. M D Anderson Hospital	1,139,376
9. COCA COLA	809,848
10. Gerald D Hines	785,337
	<u>\$ 23,736,239</u>

Water and Sewer Rate Adjustments

In recent years, the water and sewer rates have been adjusted on the average as follows:

Date of Change	Average Percent Rate Increase (Decrease)	
	Water	Sewer
April 2006	3.6%	3.6%
April 2007	2.8%	2.8%
April 2008	1.8%	1.8%
April 2009	5.1%	5.1%
April 2010	0.3%	0.3%
June 2010	19.1%	22.9%
April 2011	1.9%	1.9%
April 2012	3.3%	3.3%
April 2013	3.6%	3.6%
April 2014	1.2%	1.2%
April 2015	4.4%	4.4%

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2015
Water Supply
(unaudited)

Capacity, Production, and Sales

The following schedule sets forth information concerning Water Facilities capacity, production and sales for Fiscal Year 2015 (million gallons per day):

	<u>Available</u>	<u>Capacity</u>	<u>Daily</u>	<u>Peak</u>	<u>Sales</u>
Ground	72	268	49		N/A
Surface	1,172	1,171	595		N/A
Total	<u>1,244</u>	<u>1,439</u>	<u>644</u>	<u>0</u>	<u>575</u>
Treated					359
Untreated					216
					<u>575</u>

Sources of System Revenues - General

As of June 30, 2015, the Water Facilities and the Sewer Facilities served approximately 460,743 and 442,161 active service connections, respectively. During Fiscal Year 2015 approximately 49.57% of System Gross Revenues were derived from the sale of water (89.75% from treated water and 10.25% from untreated water), approximately 44.25% from providing wastewater treatment services, 0.52% from interest income and the remaining 5.66% from various other sources. Of the treated water sales, 92.03% of revenues were from retail customers and 7.97% from bulk sales to other governmental entities.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2015
Water Supply
(unaudited)

Largest Treated Water Customers

The following schedule presents information concerning the ten largest treated water customers of the System for the twelve month period ended June 30, 2015. The total charges to such customers during such period represent approximately 5.00% of the System Gross Revenues and 10.20% of total water sales revenues for such period.

<u>Customers</u>	<u>Charges</u>
1. North Harris Co. Regional Water Authority	\$ 12,521,085
2. West Harris Co. Regional Water Authority.	7,237,759
3. North Channel Water Authority	6,997,232
4. North Fort Bend County Water Authority	5,404,793
5. City of Pasadena	3,822,812
6. Anheuser Busch, Inc	3,432,723
7. Gulf Coast Water Authority (Galveston)	3,274,672
8. City of Pearland	2,654,690
9. Memorial Villages Water Authority	2,164,934
10. Clear Lake City	2,156,308
	<u>\$ 49,667,008</u>

Largest Untreated Water Customers

The following schedule presents information concerning the ten largest untreated water customers of the System for a twelve month period ended June 30, 2015. The total of the contract payments by these ten customers during such period represents approximately 3.41% of the System Gross Revenues and 6.96% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>
1. Equistar Chemicals LP CH11	\$ 7,620,844
2. Shell Oil	4,564,225
3. Air Liquide America Corp.	3,755,826
4. Battleground Water Company	3,706,548
5. Houston Refining, LP (Lyondell-Citgo)	3,296,037
6. Chevron Phillips Chemical Company	2,985,953
7. Baytown Area	2,795,558
8. Hoechst Celanese	2,120,202
9. Occidental Chemical Corporation	1,670,684
10. Dear Park Energy Center	1,386,459
	<u>\$ 33,902,336</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
Debt Service Schedule
(unaudited)

The following schedule sets forth the principal and interest requirements on all outstanding bonds payable from revenues of the System for each of the City's fiscal years ending June 30 as shown below, based on footnoted assumptions. The following schedule also does not include Discretionary Debt Service Payments or interest on Commercial Paper notes issued as Third Lien Obligations under the Master Ordinance.

Fiscal Year Ending June 30	Total Payable From System Gross Revenues(1)	Payable From System Net Revenues			Total Debt Service (1) (2)
		Previous Ordinance Bonds	First Lien Bonds(2)	Total Payable From System Net Revenues	
2016	17,683,819		420,146,093	420,146,093	437,829,911
2017	7,204,006		436,013,835	436,013,835	443,217,841
2018	6,398,831		438,276,831	438,276,831	444,675,663
2019	6,384,706		440,744,496	440,744,496	447,129,202
2020	6,380,806	23,520,000	410,526,554	434,046,554	440,427,360
2021	6,397,931	22,405,000	414,979,789	437,384,789	443,782,721
2022	6,376,006	15,480,000	421,879,183	437,359,183	443,735,189
2023	6,355,581	17,345,000	420,675,159	438,020,159	444,375,741
2024	6,350,206	19,005,000	418,963,941	437,968,941	444,319,148
2025	6,338,956	17,990,000	420,267,688	438,257,688	444,596,645
2026	10,782,206	18,155,000	419,466,584	437,621,584	448,403,790
2027	3,378,081	30,815,000	405,769,379	436,584,379	439,962,460
2028	3,378,456	30,810,000	404,269,269	435,079,269	438,457,726
2029	3,404,306	44,095,000	407,666,676	451,761,676	455,165,982
2030	3,400,828		451,201,563	451,201,563	454,602,391
2031	3,396,313		451,127,064	451,127,064	454,523,377
2032	3,386,100		451,049,862	451,049,862	454,435,962
2033	3,381,000		449,759,234	449,759,234	453,140,234
2034	3,376,200		467,248,339	467,248,339	470,624,539
2035	3,381,300		262,682,907	262,682,907	266,064,207
2036			260,013,825	260,013,825	260,013,825
2037			218,958,178	218,958,178	218,958,178
2038			154,117,335	154,117,335	154,117,335
2039			148,408,098	148,408,098	148,408,098
2040			79,149,343	79,149,343	79,149,343
2041			78,427,686	78,427,686	78,427,686
2042			43,622,544	43,622,544	43,622,544
2043			43,623,874	43,623,874	43,623,874
2044			30,580,516	30,580,516	30,580,516
2045			17,096,025	17,096,025	17,096,025
Total	\$ 117,135,641	\$ 239,620,000	\$ 9,486,711,871	\$ 9,726,331,871	\$ 9,843,467,512

1) Includes CWA Bonds.

(2) Series 2008D-1 variable rate bond debt service is calculated using current market fixed rates. Debt service is calculated based on an assumed taxable rate with a maturity on the expected tax-exempt conversion date, December 1, 2012. After the applicable tax-exempt conversion date, debt service is calculated using a long term tax-exempt rate to maturity. \$249,075,000 of the Series 2010B variable rate bond debt service is calculated at the rate of 5.061% through March 2013 and thereafter at the fixed rate payor swap rate of 3.761%. Series 2004B debt service is adjusted to take into account expected payments under the Series 2004B Qualified Hedge Agreements.

**CITY OF HOUSTON
COMBINED UTILITY SYSTEM STATISTICS
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)**

Revenues and Expenses of the Water and Sewer System

The following schedule sets forth the revenues and expenses (exclusive of certain non-cash transactions, primarily depreciation and amortization of the "Water and Sewer System," as defined in the Coastal Water Authority Official Statements, for fiscal years ending June 30, 2006 through June 30, 2015.

	2006	2007	2008	2009	2010	2011	2012	2013 Corrected	2014 Corrected	2015
OPERATING REVENUES										
Sales of Water, net	\$ 324,878	\$ 308,046	\$ 332,032	\$ 351,608	\$ 356,046	\$ 455,333	\$ 480,676	\$ 485,485	\$ 499,912	\$ 486,517
Sewer system user charges, net	307,764	295,423	305,748	323,301	320,722	410,941	421,370	426,888	441,300	434,305
Penalties and Other services and charges	10,020	11,996	14,084	12,329	14,370	12,901	15,192	17,455	12,195	6,602
Total Operating Revenues	642,662	615,465	651,864	687,238	691,138	879,175	917,238	929,828	953,407	927,424
NON-OPERATING REVENUES										
	26,557	54,572	37,779	36,405	44,407	40,662	51,144	49,722	76,155	45,864
TOTAL GROSS REVENUES (A)	669,219	670,037	689,643	723,643	735,545	919,837	968,382	979,550	1,029,562	973,288
OPERATING EXPENSES										
Maintenance and Operating Expenses	301,646	322,083	318,349	383,056	377,858	373,028	393,413	380,192	387,398	406,619
Contractual Maintenance and Operating Expenses										
CWA Debt Service	29,871	30,653	30,545	28,103	23,117	21,285	20,389	19,663	18,875	18,064
TRA Debt Service	2,212	2,221	2,096	-	-	-	-	-	-	-
HAWC Debt Service	6,242	8,999	-	-	-	-	-	-	-	-
Total Contractual	38,325	41,873	32,641	28,103	23,117	21,285	20,389	19,663	18,875	18,064
TOTAL OPERATING EXPENSES (B)	339,971	363,956	350,990	411,159	400,975	394,313	413,802	399,855	406,273	424,683
NET REVENUES	\$ 329,248	\$ 306,081	\$ 338,653	\$ 312,484	\$ 334,570	\$ 525,524	\$ 554,580	\$ 579,695	\$ 623,289	\$ 548,605
GROSS REVENUES (A) DIVIDED BY TOTAL EXPENSES (B)	1.968	1.841	1.965	1.760	1.834	2.333	2.340	2.450	2.534	2.292

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	2006	2007	2008	2009	2010
Operating Revenues					
Landing area fees	\$ 101,758	\$ 92,140	\$ 99,017	\$ 82,823	\$ 94,165
Building and ground area fees	179,951	199,720	211,786	174,433	182,105
Parking, concession and other revenues	112,152	124,278	136,373	128,501	130,309
Total Operating Revenues	393,861	416,138	447,176	385,757	406,579
Nonoperating Revenues					
Interest income	19,032	34,498	42,360	37,507	30,488
Passenger facility charges	-	6,530	11,608	32,398	66,383
Special facility charges	11,685	11,152	11,197	10,171	10,981
Other nonoperating revenues	56	541	514	1,093	7,525
Total Nonoperating Revenues	30,773	52,721	65,679	81,169	115,377
Total Revenues	\$ 424,634	\$ 468,859	\$ 512,855	\$ 466,926	\$ 521,956
Total Annual Expenses Last Ten Fiscal Years	2006	2007	2008	2009	2010
Operating Expenses					
Maintenance and operating	\$ 202,496	\$ 214,611	\$ 229,551	\$ 241,303	\$ 245,051
Depreciation	136,740	129,544	128,553	139,157	166,788
Total Operating Expenses	339,236	344,155	358,104	380,460	411,839
Nonoperating Expenses					
Interest expense and others	103,554	109,857	112,703	102,074	103,602
Restatement	(532)	(508)	(431)	(38)	3,842
Interest expense and others	103,022	109,349	112,272	102,036	107,444
Total Nonoperating Expenses	103,022	109,349	112,272	102,036	107,444
Total Expenses	\$ 442,258	\$ 453,504	\$ 470,376	\$ 482,496	\$ 519,283
Contributions	84,105	41,865	91,175	70,936	51,457
Total Change in Net Position	\$ 66,481	\$ 57,220	\$ 133,654	\$ 55,366	\$ 54,130
Net Position at Year End	2006	2007	2008	2009	2010
Net investment in capital assets	\$ 650,692	\$ 627,308	\$ 663,004	\$ 768,016	\$ 678,864
Restatement	(14,145)	(13,637)	(13,206)	(13,168)	(17,010)
Net investment in capital assets	636,547	613,671	649,798	754,848	661,854
Restricted net assets					
Restricted for debt service	\$ 46,128	\$ 58,362	\$ 72,333	\$ 82,436	\$ 160,873
Restricted for maintenance and operations	38,322	39,638	41,048	41,899	42,405
Restricted for special facility	6,269	11,074	12,811	12,353	12,444
Restricted for renewal and replacement	10,000	10,000	10,000	10,000	10,000
Restricted for capital improvements	376,386	438,127	518,536	458,356	526,446
Unrestricted (deficit)	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total Net Position	\$ 1,113,652	\$ 1,170,872	\$ 1,304,526	\$ 1,359,892	\$ 1,414,022

2011	2012	2013	2014	2015
\$ 90,384	\$ 86,935	\$ 91,059	\$ 88,342	\$ 93,575
181,182	182,320	181,701	186,505	197,039
138,836	148,295	160,234	177,260	185,668
410,402	417,550	432,994	452,107	476,282
9,735	5,636	(1,934)	11,170	7,496
63,138	63,550	61,195	62,602	85,392
13,478	15,904	17,104	17,152	17,535
3,409	4,644	1,978	3,225	7,969
89,760	89,734	78,343	94,149	118,392
\$ 500,162	\$ 507,284	\$ 511,337	\$ 546,256	\$ 594,674

2011	2012	2013	2014	2015
\$ 284,307	\$ 264,060	\$ 272,091	\$ 285,212	\$ 286,529
165,657	193,266	173,448	174,825	177,512
449,964	457,326	445,539	460,037	464,041
97,945	95,546	94,812	112,350	92,803
(430)	(1,534)	(1,063)	-	-
97,515	94,012	93,749	112,350	92,803
97,515	94,012	93,749	112,350	92,803
\$ 547,479	\$ 551,338	\$ 539,288	\$ 572,387	\$ 556,844
44,135	15,029	12,761	44,614	36,432
\$ (3,182)	\$ (29,025)	\$ (15,190)	\$ 18,483	\$ 74,262

2011	2012	2013	2014	2015
\$ 641,087	\$ 595,682	\$ 532,447	\$ 469,971	\$ 466,196
(16,580)	(15,046)	(13,983)	-	-
624,507	580,636	518,464	469,971	466,196
\$ 168,841	\$ 189,966	\$ 213,064	\$ 242,558	\$ 303,371
43,320	44,023	46,309	49,736	53,912
15,081	20,025	26,026	30,986	25,732
10,000	10,000	10,000	10,000	10,000
549,091	537,165	552,762	581,857	600,159
-	-	-	(178,003)	(178,003)
-	-	-	-	-
\$ 1,410,840	\$ 1,381,815	\$ 1,366,625	\$ 1,207,105	\$ 1,281,367

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Passenger Statistics
(unaudited)

Domestic Passengers

Fiscal Year	Bush Intercontinental		Hobby		Ellington Airport		Total	
	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
2006	34,105	7.9%	8,423	2.1%	-	-100.0%	42,528	6.7%
2007	35,260	3.4%	8,642	2.6%	-	-	43,902	3.2%
2008	35,200	-0.2%	9,097	5.3%	-	-	44,297	0.9%
2009	31,995	-9.1%	8,286	-8.9%	-	-	40,281	-9.1%
2010	32,093	0.3%	8,755	5.7%	-	-	40,848	1.4%
2011	31,666	-1.3%	9,434	7.8%	-	-	41,100	0.6%
2012	31,778	0.4%	10,192	8.0%	-	-	41,970	2.1%
2013	30,830	-3.0%	10,690	4.9%	-	-	41,520	-1.1%
2014	30,836	0.0%	11,609	8.6%	3	100.0%	42,448	2.2%
2015	31,968	3.7%	11,837	2.0%	3	100.0%	43,808	3.2%

International Passengers

Bush Intercontinental		Hobby		Total		Total Passengers	
Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
7,126	4.5%	-	-	7,126	4.5%	49,654	6.4%
7,555	6.0%	-	-	7,555	6.0%	51,457	3.6%
7,976	5.6%	-	-	7,976	5.6%	52,273	1.6%
7,642	-4.2%	-	-	7,642	-4.2%	47,923	-8.3%
8,138	6.5%	-	-	8,138	6.5%	48,986	2.2%
8,732	7.3%	-	-	8,732	7.3%	49,832	1.7%
8,686	-0.5%	-	-	8,686	-0.5%	50,656	1.7%
8,795	1.3%	-	-	8,795	1.3%	50,315	-0.7%
9,470	7.7%	-	-	9,470	7.7%	51,918	3.2%
10,015	5.8%	4	100.0%	10,019	5.8%	53,827	3.7%

**CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Airline Market Shares
(unaudited)**

Airlines	Bush Intercontinental				Hobby			
	Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2014		Fiscal Year 2015	
	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share
Domestic								
Alaska Airlines	111,310	0.3%	101,142	0.2%	-	0.0%	-	0.0%
Air Tran	-	0.0%	-	0.0%	348,419	3.0%	106,314	0.9%
American Airlines, Inc.	1,072,177	2.7%	1,141,830	2.7%	-	0.0%	-	0.0%
Envoy (American Eagle) - AA	234,385	0.6%	14,796	0.0%	268,743	2.3%	249,702	2.1%
Atlantic Southeast - DL	205,529	0.5%	197,719	0.5%	5,002	0.0%	20,151	0.2%
Charter Airlines	17,785	0.0%	7,043	0.0%	6,770	0.1%	11,051	0.1%
Chautauqua Airlines - DL	7,916	0.0%	5,648	0.0%	-	0.0%	-	0.0%
Compass Airlines - AE	-	0.0%	15,097	0.0%	-	0.0%	-	0.0%
Compass Airlines - DL	229,226	0.6%	62,976	0.2%	-	0.0%	-	0.0%
Continental	10,055,411	24.9%	959,920	2.3%	-	0.0%	-	0.0%
Delta	661,586	1.6%	761,352	1.8%	403,841	3.5%	428,051	3.6%
ExpressJet Airlines, Inc. - CO	6,445,204	16.0%	3,300,957	7.9%	-	0.0%	-	0.0%
ExpressJet Airlines, Inc. - UA	-	0.0%	2,674,562	6.4%	-	0.0%	-	0.0%
Frontier	236,060	0.6%	307,506	0.7%	-	0.0%	-	0.0%
GO JET - DL	-	0.0%	5,542	0.0%	-	0.0%	-	0.0%
GO JET - UA	39	0.0%	-	0.0%	-	0.0%	-	0.0%
JetBlue	-	0.0%	-	0.0%	203,237	1.8%	165,595	1.4%
Kalitta Charters, LLC	-	0.0%	3	0.0%	-	0.0%	15	0.0%
Mesa Airlines, Inc. - AE	-	0.0%	91,200	0.2%	-	0.0%	-	0.0%
Mesa Airlines, Inc. - UA	3,955	0.0%	1,070,096	2.5%	-	0.0%	-	0.0%
Mesa Airlines, Inc. - US	1,987	0.0%	113,498	0.3%	-	0.0%	79,654	0.7%
Endeavor (Pinnacle Airlines, Inc.) - DL	86,562	0.2%	158,497	0.4%	532	0.0%	-	0.0%
Pinnacle Airlines, Inc. - NW	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Republic Airlines - AE	-	0.0%	170,654	0.4%	-	0.0%	-	0.0%
Republic Airlines - US	4,795	0.0%	18,850	0.0%	-	0.0%	-	0.0%
Shuttle America Corporation - CO	651,749	1.6%	325,001	0.8%	-	0.0%	-	0.0%
Shuttle America Corporation - DL	48,503	0.1%	92,382	0.2%	-	0.0%	-	0.0%
Shuttle America Corporation - UA	-	0.0%	258,270	0.6%	-	0.0%	-	0.0%
SkyWest Airlines - CO	1,551,854	3.9%	765,777	1.8%	-	0.0%	-	0.0%
SkyWest Airlines - DL	123,425	0.3%	165,458	0.4%	-	0.0%	-	0.0%
SkyWest Airlines - UA	-	0.0%	840,477	2.0%	-	0.0%	-	0.0%
Southwest Airlines Company	-	0.0%	-	0.0%	10,372,453	89.3%	10,776,574	90.9%
Spirit Airlines	665,785	1.7%	1,168,310	2.8%	-	0.0%	-	0.0%
Sun Air (EAS)	5,456	0.0%	1,370	0.0%	-	0.0%	-	0.0%
Trans States - UA	322,356	0.8%	262,808	0.6%	-	0.0%	-	0.0%
United Air Lines Inc.	6,773,473	16.8%	15,746,938	37.5%	-	0.0%	-	0.0%
US Airways	1,319,262	3.3%	1,162,070	2.8%	-	0.0%	-	0.0%
Total Domestic	30,835,790	76.5%	31,967,749	76.0%	11,608,997	100.0%	11,837,107	100.0%
International								
	Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2014		Fiscal Year 2015	
	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
AeroMexico	219,483	0.5%	271,145	0.6%	-	0.0%	-	0.0%
All Nippon Airways Compant, Ltd. - ANA	-	0.0%	7,813	0.0%	-	0.0%	-	0.0%
Jazz Air - AC (Air Canada Jazz)	251,713	0.6%	278,194	0.7%	-	0.0%	-	0.0%
Air China	122,593	0.3%	141,702	0.3%	-	0.0%	-	0.0%
Air France	151,932	0.4%	145,833	0.3%	-	0.0%	-	0.0%
American	599	0.0%	487	0.0%	-	0.0%	-	0.0%
Envoy (American Eagle) - AA	-	0.0%	104	0.0%	-	0.0%	-	0.0%
Atlas Air	35,122	0.1%	31,725	0.1%	-	0.0%	-	0.0%
British Airways	281,057	0.7%	264,830	0.6%	-	0.0%	-	0.0%
Charter Airlines	1,002	0.0%	4,059	0.0%	-	0.0%	-	0.0%
Continental	4,479,939	11.1%	473,474	1.1%	-	0.0%	-	0.0%
Emirates	199,903	0.5%	221,455	0.5%	-	0.0%	-	0.0%
EVA Airways Corporation	-	0.0%	2,866	0.0%	-	0.0%	-	0.0%
ExpressJet Airlines, Inc. - UA	-	0.0%	353,311	0.8%	-	0.0%	-	0.0%
ExpressJet Airlines, Inc. - CO	1,038,120	2.6%	472,373	1.1%	-	0.0%	-	0.0%
Interjet	-	0.0%	46,449	0.1%	-	0.0%	-	0.0%
Kalitta Charters, LLC	-	0.0%	-	0.0%	-	0.0%	4	0.0%
KLM	177,853	0.4%	179,537	0.4%	-	0.0%	-	0.0%
Korean Air lines Co. Ltd.	18,286	0.0%	114,235	0.3%	-	0.0%	-	0.0%
Lufthansa	300,824	0.8%	281,261	0.7%	-	0.0%	-	0.0%
Mesa Airlines, Inc. - AE	-	0.0%	49	0.0%	-	0.0%	-	0.0%
Mesa Airlines, UA	-	0.0%	142,233	0.3%	-	0.0%	-	0.0%
Qatar Airways	163,910	0.5%	152,557	0.4%	-	0.0%	-	0.0%
Scandinavian Airlines	-	0.0%	10,556	0.0%	-	0.0%	-	0.0%
Shuttle America Corporation - CO	43,094	0.1%	13,974	0.0%	-	0.0%	-	0.0%
Singapore Airlines	105,204	0.3%	84,057	0.2%	-	0.0%	-	0.0%
Spirit Airlines	-	0.0%	23,815	0.1%	-	0.0%	-	0.0%
SkyWest Airlines - UA	-	0.0%	175,472	0.4%	-	0.0%	-	0.0%
SkyWest Airlines - CO	208,976	0.5%	91,320	0.2%	-	0.0%	-	0.0%
Southwest Airlines Company	-	0.0%	-	0.0%	-	0.0%	3,728	0.0%
TACA	56,386	0.1%	58,676	0.1%	-	0.0%	-	0.0%
Turkish Airlines	177,674	0.4%	193,257	0.5%	-	0.0%	-	0.0%
United Air Lines Inc.	1,389,731	3.5%	5,676,300	13.6%	-	0.0%	-	0.0%
Viva Aerobus	46,595	0.1%	93,307	0.2%	-	0.0%	-	0.0%
Volaris Airlines	-	0.0%	8,436	0.0%	-	0.0%	-	0.0%
Total International	9,469,996	23.5%	10,014,862	24.0%	0	0.0%	3,732	0.0%
Total Airlines	40,305,786	100.0%	41,982,611	100.0%	11,608,997	100.0%	11,840,839	100.0%

Ellington Airport				Houston Airport System			
Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2014		Fiscal Year 2015	
Total	Market	Total	Market	Total	Market	Total	Market
Passengers	Share	Passengers	Share	Passengers	Share	Passengers	Share
(in thousands)		(in thousands)		(in thousands)		(in thousands)	
	0.0%		0.0%	111,310	0.2%	101,142	0.2%
	0.0%		0.0%	348,419	0.7%	106,314	0.2%
	0.0%		0.0%	1,072,177	2.1%	1,141,830	2.1%
	0.0%		0.0%	503,128	1.0%	264,498	0.5%
	0.0%		0.0%	210,531	0.4%	217,870	0.4%
	0.0%		0.0%	24,555	0.1%	18,094	0.0%
	0.0%		0.0%	7,916	0.0%	5,648	0.0%
	0.0%		0.0%	-	0.0%	15,097	0.0%
	0.0%		0.0%	229,226	0.4%	62,976	0.1%
	0.0%		0.0%	10,055,411	19.3%	959,920	1.8%
	0.0%		0.0%	1,065,427	2.1%	1,189,403	2.2%
	0.0%		0.0%	6,445,204	12.4%	3,300,957	6.1%
	0.0%		0.0%	-	0.0%	2,674,562	5.0%
	0.0%		0.0%	236,060	0.5%	307,506	0.6%
	0.0%		0.0%	-	0.0%	5,542	0.0%
	0.0%		0.0%	39	0.0%	-	0.0%
	0.0%		0.0%	203,237	0.4%	165,595	0.3%
3	100.0%	3	100.0%	3	0.0%	21	0.0%
	0.0%		0.0%	-	0.0%	91,200	0.2%
	0.0%		0.0%	3,955	0.0%	1,070,096	2.0%
	0.0%		0.0%	1,987	0.0%	193,152	0.4%
	0.0%		0.0%	87,094	0.2%	158,497	0.3%
	0.0%		0.0%	-	0.0%	-	0.0%
	0.0%		0.0%	-	0.0%	170,654	0.3%
	0.0%		0.0%	4,795	0.0%	18,850	0.0%
	0.0%		0.0%	651,749	1.3%	325,001	0.6%
	0.0%		0.0%	48,503	0.1%	92,382	0.2%
	0.0%		0.0%	-	0.0%	258,270	0.5%
	0.0%		0.0%	1,551,854	3.0%	765,777	1.4%
	0.0%		0.0%	123,425	0.2%	165,458	0.3%
	0.0%		0.0%	-	0.0%	840,477	1.6%
	0.0%		0.0%	10,372,453	19.9%	10,776,574	20.0%
	0.0%		0.0%	665,785	1.3%	1,168,310	2.2%
	0.0%		0.0%	5,456	0.0%	1,370	0.0%
	0.0%		0.0%	322,356	0.6%	262,808	0.5%
	0.0%		0.0%	6,773,473	13.1%	15,746,938	29.3%
	0.0%		0.0%	1,319,262	2.5%	1,162,070	2.2%
3	100.0%	3	100.0%	42,444,790	81.8%	43,804,859	81.6%

Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2014		Fiscal Year 2015	
Total	Market	Total	Market	Total	Market	Total	Market
Passengers	Share	Passengers	Share	Passengers	Share	Passengers	Share
				219,483	0.4%	271,145	0.5%
				-	0.0%	7,813	0.0%
				251,713	0.5%	278,194	0.5%
				122,593	0.2%	141,702	0.3%
				151,932	0.3%	145,833	0.3%
				599	0.0%	487	0.0%
				-	0.0%	104	0.0%
				35,122	0.1%	31,725	0.1%
				281,057	0.5%	264,830	0.5%
				1,002	0.0%	4,059	0.0%
				4,479,939	8.6%	473,474	0.9%
				199,903	0.4%	221,455	0.4%
				-	0.0%	2,866	0.0%
				-	0.0%	353,311	0.6%
				1,038,120	2.0%	472,373	0.9%
				-	0.0%	46,449	0.1%
				-	0.0%	4	0.0%
				177,853	0.4%	179,537	0.3%
				18,286	0.0%	114,235	0.2%
				300,824	0.6%	281,261	0.5%
				-	0.0%	49	0.0%
				-	0.0%	142,233	0.3%
				163,910	0.3%	152,557	0.3%
				-	0.0%	10,556	0.0%
				43,094	0.1%	13,974	0.0%
				105,204	0.2%	84,057	0.2%
				-	0.0%	23,815	0.0%
				-	0.0%	175,472	0.3%
				208,976	0.4%	91,320	0.2%
				-	0.0%	3,728	0.0%
				56,386	0.1%	58,676	0.1%
				177,674	0.3%	193,257	0.4%
				1,389,731	2.7%	5,676,300	10.5%
				46,595	0.1%	93,307	0.2%
				-	0.0%	8,436	0.0%
				9,469,996	18.2%	10,018,594	18.4%
3	100.0%	3	100.0%	51,914,786	100.0%	53,823,453	100.0%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Selected Financial Information
Operating Fund Only
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

	2006	2007	2008	2009	2010
Operating Revenues					
Landing Area Fees:					
Landing Fees	\$ 98,385	\$ 88,933	\$ 95,730	\$ 81,596	\$ 91,443
Carrier Incentive Program	-	-	-	(1,176)	(411)
Aviation Fuel	1,559	1,540	1,522	1,313	1,329
Aircraft Parking	1,814	1,667	1,765	1,090	1,804
Subtotal	<u>101,758</u>	<u>92,140</u>	<u>99,017</u>	<u>82,823</u>	<u>94,165</u>
Building and Ground Area Revenues:					
Building Space	3,741	5,037	5,054	5,017	5,158
Terminal Space	162,491	182,113	193,375	155,396	161,960
Cargo Building	1,553	2,011	2,469	2,374	2,490
Other Rental	60	-	-	-	-
Hangar Rental	2,349	3,394	3,473	4,051	4,920
Ground Rental	9,757	7,165	7,415	7,595	7,577
Concourse Security	-	-	-	-	-
Subtotal	<u>179,951</u>	<u>199,720</u>	<u>211,786</u>	<u>174,433</u>	<u>182,105</u>
Parking, Concession and other Revenues:					
Terminal Concessions	21,030	26,953	29,435	27,003	27,974
Auto Parking	62,377	65,454	72,958	66,565	70,127
Auto Rental	21,438	22,950	24,529	24,389	22,889
Ground Transportation	3,999	4,617	4,806	4,724	4,987
Special Events	20	21	19	20	22
Vending Machine	20	-	-	-	-
Other Operating Income	3,268	4,284	4,626	5,800	4,310
Subtotal	<u>112,152</u>	<u>124,279</u>	<u>136,373</u>	<u>128,501</u>	<u>130,309</u>
Total Operating Revenues	<u>\$ 393,861</u>	<u>\$ 416,139</u>	<u>\$ 447,176</u>	<u>\$ 385,757</u>	<u>\$ 406,579</u>
Nonoperating Revenues					
Interest on Investments	17,742	26,847	30,064	23,664	15,988
Other	(58)	310	90	300	2,504
Subtotal	<u>17,684</u>	<u>27,157</u>	<u>30,154</u>	<u>23,964</u>	<u>18,492</u>
Total Gross Revenues	<u>\$ 411,545</u>	<u>\$ 443,296</u>	<u>\$ 477,330</u>	<u>\$ 409,721</u>	<u>\$ 425,071</u>
Operation and Maintenance Expenses					
Personnel and Other Current Expenses	\$ 205,565	\$ 217,720	\$ 221,309	\$ 242,449	\$ 245,147
Bad Debt Expense	-	-	-	-	-
Total Operating and Maintenance Expenses	<u>\$ 205,565</u>	<u>\$ 217,720</u>	<u>\$ 221,309</u>	<u>\$ 242,449</u>	<u>\$ 245,147</u>
Net Revenue	<u>\$ 205,980</u>	<u>\$ 225,576</u>	<u>\$ 256,021</u>	<u>\$ 167,272</u>	<u>\$ 179,924</u>
Total Debt Service	\$ 140,338	\$ 144,495	\$ 157,246	\$ 150,438	\$ 145,130
Less: grant revenue available for debt service	(46,621)	(20,679)	(28,022)	(54,682)	(56,171)
Debt Service Requirement (per Bond Ordinance)	<u>\$ 93,717</u>	<u>\$ 123,816</u>	<u>\$ 129,224</u>	<u>\$ 95,756</u>	<u>\$ 88,959</u>
Coverage of debt Service	x <u>2.20</u>	x <u>1.82</u>	x <u>1.98</u>	x <u>1.75</u>	x <u>2.02</u>

	2011	2012	2013	2014	2015
\$	87,413	\$ 83,895	\$ 87,660	\$ 88,392	\$ 94,749
	(250)	(836)	(749)	(4,294)	(5,322)
	1,378	1,382	1,444	1,529	1,521
	1,843	2,494	2,704	2,715	2,628
	<u>90,384</u>	<u>86,935</u>	<u>91,059</u>	<u>88,342</u>	<u>93,576</u>
	5,067	5,394	5,848	6,174	6,252
	160,563	160,247	158,237	163,297	173,392
	2,511	2,473	2,397	2,432	2,506
	-	-	-	-	-
	5,446	6,165	6,675	6,605	6,355
	7,595	8,041	8,544	7,997	8,534
	-	-	-	-	-
	<u>181,182</u>	<u>182,320</u>	<u>181,701</u>	<u>186,505</u>	<u>197,039</u>
	34,404	38,406	41,604	41,434	41,830
	70,681	72,833	77,596	90,173	97,515
	23,932	26,771	29,522	32,783	31,991
	5,946	6,186	6,639	8,301	9,323
	22	23	-	10	25
	-	-	-	-	-
	3,851	4,076	4,873	4,559	4,984
	<u>138,836</u>	<u>148,295</u>	<u>160,234</u>	<u>177,260</u>	<u>185,668</u>
\$	<u>410,402</u>	<u>417,550</u>	<u>432,994</u>	<u>452,107</u>	<u>476,283</u>
	12,889	9,826	7,029	5,499	7,496
	341	2,289	1,222	3,162	7,526
	<u>13,230</u>	<u>12,115</u>	<u>8,251</u>	<u>8,661</u>	<u>15,022</u>
\$	<u>423,632</u>	<u>429,665</u>	<u>441,245</u>	<u>460,768</u>	<u>491,305</u>
\$	262,668	\$ 255,507	\$ 252,745	\$ 268,745	\$ 283,557
	-	-	-	-	-
\$	<u>262,668</u>	<u>255,507</u>	<u>252,745</u>	<u>268,745</u>	<u>283,557</u>
\$	<u>160,964</u>	<u>174,158</u>	<u>188,500</u>	<u>192,023</u>	<u>207,748</u>
\$	158,682	\$ 151,311	\$ 153,938	\$ 156,424	\$ 163,319
	(56,827)	(43,979)	(34,390)	(58,556)	(54,453)
\$	<u>101,855</u>	<u>107,332</u>	<u>119,548</u>	<u>97,868</u>	<u>108,866</u>
x	<u>1.58</u>	x <u>1.62</u>	x <u>1.58</u>	x <u>1.96</u>	x <u>1.91</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Total Aircraft Operations and Aircraft Landing Weight
(unaudited)

Fiscal Year	Aircraft Operations (in thousands)			Aircraft Landed Weight (in million pounds)		
	Total	Increase (Decrease)	Percentage Change	Total	Increase (Decrease)	Percentage Change
2006	933	46	5.19%	32,808	265	0.81%
2007	983	50	5.36%	33,930	1,122	3.42%
2008	974	(9)	-0.88%	34,096	166	0.49%
2009	892	(82)	-8.42%	31,907	(2,189)	-6.42%
2010	858	(34)	-3.86%	31,707	(200)	-0.63%
2011	861	3	0.34%	32,564	857	2.70%
2012	838	(23)	-2.65%	32,844	280	0.86%
2013	799	(39)	-4.62%	33,041	197	0.60%
2014	810	11	1.34%	33,878	837	2.53%
2015	816	6	0.74%	31,894	(1,984)	-5.86%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
System Debt Service Schedule
(unaudited)

The following table sets forth the Debt Service Requirements on all Airport Revenue Bonds Outstanding, assuming scheduled mandatory redemption of any term bonds and using rates in effect at year-end for auction rate securities and variable rate demand obligations. The amounts do not include the Airport System's Senior Lien Commercial Paper Notes.

Fiscal Year (ending June 30)	Senior Lien Bonds Debt Service	Subordinate Lien Bonds Debt Service	Total Bonds Debt Service	Inferior Lien Obligations	Bonds plus Inferior Lien Obligations
2016	32,862,119	124,324,632	157,186,751	6,427,663	163,614,414
2017	32,851,744	130,237,949	163,089,693	6,420,863	169,510,556
2018	32,837,619	130,193,504	163,031,123	6,411,600	169,442,723
2019	32,823,619	127,453,647	160,277,266		160,277,266
2020	32,813,369	133,690,895	166,504,264		166,504,264
2021	32,795,619	122,797,446	155,593,065		155,593,065
2022	32,783,994	138,671,841	171,455,835		171,455,835
2023	32,766,994	135,983,332	168,750,326		168,750,326
2024	32,753,119	129,367,596	162,120,715		162,120,715
2025	32,735,744	137,913,892	170,649,636		170,649,636
2026	32,718,244	134,435,191	167,153,435		167,153,435
2027	32,698,869	125,704,737	158,403,606		158,403,606
2028	32,665,459	149,000,262	181,665,721		181,665,721
2029	32,644,981	138,440,446	171,085,427		171,085,427
2030	32,608,156	141,384,858	173,993,014		173,993,014
2031	32,562,213	136,887,495	169,449,708		169,449,708
2032	32,532,300	130,041,435	162,573,735		162,573,735
2033	32,502,163	139,286,676	171,788,839		171,788,839
2034	32,468,500		32,468,500		32,468,500
2035	32,432,875		32,432,875		32,432,875
2036	32,396,575		32,396,575		32,396,575
2037	32,360,613		32,360,613		32,360,613
2038	32,320,863		32,320,863		32,320,863
2039	32,278,063		32,278,063		32,278,063
2040	32,232,675		32,232,675		32,232,675
Total	\$ 815,446,489	\$ 2,405,815,834	\$ 3,221,262,323	\$ 19,260,126	\$ 3,240,522,449

AIRPORT SYSTEM STATISTICS
Summary of Certain Fees and Charges
(unaudited)

	Bush Intercontinental		Hobby	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2014	2015	2014	2015
Landing Rates (1)	\$2.985	\$2.987	\$2.037	\$2.218
Terminal Space Rentals (2)	\$22.50 - \$74.82	\$22.89 - \$81.84	\$90.02 - \$92.52	\$93.78 - \$96.28
Apron Rentals (2)	\$2.202 - \$2.784	\$2.364 - \$2.950	\$2.058	\$2.498
Parking Rates (3)				
Economy (Ecopark)				
Covered (4)	\$8.00	\$8.00		
Uncovered (4)	\$6.00	\$6.00		
Ecopark 1 (4)			\$12.00	\$0.00
Ecopark 2 (4)			\$10.00	\$10.00
Structured (5)	\$19.00	\$20.00	\$19.00	\$20.00
Sure Park	\$23.00	\$24.00	n/a	n/a
VALET Premier (5)	\$25.00	\$26.00	\$25.00	\$26.00

(1) Per 1,000 pounds of landing weight

(2) Range per square foot

(3) Maximum per day

(4) New rates effective July 1, 2015

(5) New rates effective May 5, 2014

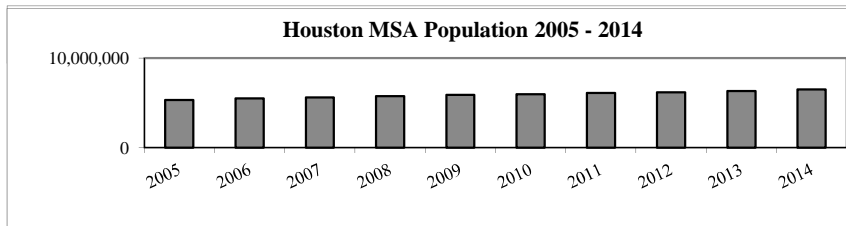
CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Service Area
(unaudited)

The airport service region for the Houston Airport System consists of (1) the nine county Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller counties) -- referred to as the Houston MSA, and (2) a large secondary area surrounding the Houston MSA. The limits of this secondary area are generally defined by the range and quality of airline service at other air carrier airports, including Beaumont Jefferson County Airport to the east, Dallas/Fort Worth International Airport and Dallas Love Field to the north, Corpus Christi International Airport to the southwest and Austin-Bergstrom International Airport and San Antonio International Airport to the west.

Houston, the nation's fourth most populous city, is the largest in the South and Southwest. The Houston MSA ranks fifth in population among the nation's metropolitan areas.

Service Area Population

<u>Year</u>	<u>Houston MSA Population</u>
2005	5,299,567
2006	5,484,883
2007	5,597,674
2008	5,726,705
2009	5,867,489
2010	5,946,800
2011	6,086,538
2012	6,177,035
2013	6,313,158
2014	6,490,180



Source: Greater Houston Partnership and U.S. Census Bureau, Population Division

CITY OF HOUSTON, TEXAS
SURETY BOND AND INSURANCE COVERAGE
June 30, 2015
(amounts expressed in thousands)
(unaudited)

Policy Number	Insurer	Term of Policy
70846103	Western Surety Company	01-02-2014 to 01-02-2016
70846110	Western Surety Company	01-02-2014 to 01-02-2016
61BSBDV0123	Hartford Casualty Insurance Company	12-15-2014 to 12-15-2015
61BSBFQ0813	Hartford Casualty Insurance Company	01-02-2015 to 01-02-2016
61BSBFW9293	Hartford Casualty Insurance Company	11-30-2014 to 11-30-2015
61BSBGM4960	Hartford Casualty Insurance Company	04-11-2015 to 04-11-2016
61BSBDT7808	Hartford Casualty Insurance Company	12-09-2013 to 12-09-2014
6610	Texas Municipal League	05-15-2015 to 05-15-2016
ESP730205800	Arch Specialty Insurance Company	04-01-2015 to 04-01-2016
EAF70044615	Axis Surplus	04-01-2015 to 04-01-2016
44734407000	Chubb Custom Insurance Company	04-01-2015 to 04-01-2016
CPN10006658300	Endurance American Specialty Insurance Company	04-01-2015 to 04-01-2016
MKLX10XP001276	Essex Insurance Company	04-01-2015 to 04-01-2016
CPX100012800	Fair American Select Insurance Company	04-01-2015 to 04-01-2016
T0234451501829	General Security Indemnity Company of Arizona	04-01-2015 to 04-01-2016
CUL60155045	Houston Casualty Company	04-01-2015 to 04-01-2016
17001628	Lexington Insurance Company	04-01-2015 to 04-01-2016
747160300	Lexington Insurance Company	04-01-2015 to 04-01-2016
URS252863715	Lloyds' London Syndicate 36245 - Hiscox	04-01-2015 to 04-01-2016
URS253790415	Lloyds' London Syndicate 36245 - Hiscox	04-01-2015 to 04-01-2016
NHD391505	RSUI Indemnity Company	04-01-2015 to 04-01-2016
SLSTPTY10724215	Starr Surplus Lines Insurance Company	04-01-2015 to 04-01-2016
LCP648088301	Tokio Marine American Insurance Company	04-01-2015 to 04-01-2016
PN30000j	Underwriters at Lloyds	04-01-2015 to 04-01-2016
PN30002j	Underwriters at Lloyds	04-01-2015 to 04-01-2016
PN30003j	Underwriters at Lloyds	04-01-2015 to 04-01-2016
PN30004j	Underwriters at Lloyds	04-01-2015 to 04-01-2016
PN30005j	Underwriters at Lloyds	04-01-2015 to 04-01-2016
PN30006j	Underwriters at Lloyds	04-01-2015 to 04-01-2016
PN300140j	Underwriters at Lloyds	04-01-2015 to 04-01-2016
PD1066200	Underwriters at Lloyds' London - Brit Syndicate 2987	04-01-2015 to 04-01-2016
D37362797007	Westchester Fire	04-01-2015 to 04-01-2016
NAP045228902	Westport Insurance Corporation	04-01-2015 to 04-01-2016
PN300090j and PN#00190j	Underwriters at Lloyds (Primary and Excess)	04-01-2015 to 04-01-2016
YB2-L9L-458619-015	Liberty Mutual Fire Insurance Company	02-18-2014 to 02-18-2015
6610	Texas Municipal League	07-01-2014 to 07-01-2015
01-333-42-11-00357	AXA Insurance Company	06-26-2015 to 06-26-2016
CA 1556805	Admiral Insurance Company	02-26-2015 to 02-26-2016
73652M150ALI	Torus National Insurance Company	02-26-2015 to 02-26-2016
1333421100619	AXA Insurance Company	11-03-2014 to 11-03-2015
105324683	Travelers Casualty & Surety	12-30-2014 to 12-30-2015
13173337	National Union Fire Insurance Company of Pittsburgh, PA	05-29-2015 to 05-29-2016
61BPEAM5075	Hartford Casualty Insurance Company	10-29-2014 to 10-29-2015
61BPEAI9468	Hartford Casualty Insurance Company	02-11-2015 to 02-11-2016
61BPEC12302	Hartford Insurance	07-18-2014 to 07-18-2015
Various (approximately 2,000)	Western Surety Company	Four Year Term per Bond
KKO000005539200	National Casualty Company	06-26-2015 to 07-08-2015
L009166	Lloyds of London	06-05-2015 to 07-05-2015
CPS2122211	Scottsdale Insurance Company	11-26-2014 to 11-27-2014
6610	Texas Municipal League	07-14-2014 to 07-01-2015
VBA366690-00	Covington Specialty Insurance Company	04-01-2015 to 04-01-2016
VBA366690-00	ACE Property & Casualty Insurance Company	03-15-2015 to 03-15-2016

Property at Risk	Type of Coverage	Coverage (in thousands)
Mayor	Public Official Bond	\$ 50
City Controller	Public Official Bond	\$ 50
City Treasurer	Public Official Bond	\$ 25
Deputy Controller	Public Official Bond	\$ 25
Municipal Courts	Public Official Bond	\$ 25
Tax Collector	Public Official Bond	\$ 25
HMEPS (Pension) Treasurer	Public Official Bond	\$ 250
City of Houston	Automobile Catastrophe	\$ 1,347
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 7,000
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 7,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 25,000
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 1,500
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 10,000
City of Houston	Property Insurance *	\$ 7,000
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 5,750
City of Houston	Property Insurance *	\$ 8,000
City of Houston	Property Insurance *	\$ 18,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 7,500
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 5,750
City of Houston	Property Insurance *	\$ 25,000
City of Houston	Terrorism Insurance	\$ 250,000
City of Houston	Boiler & Machinery	\$ 100,000
City of Houston	Information Technology Property, Radio Eq. and Towers	\$ 81,245
City of Houston Library	Business Electronic Eq., Valuable Papers, Fine Arts	\$ 11,881
Holcombe Health Lab	Commercial General Liability	\$ 1,000
Holcombe Health Lab	Excess Liability	\$ 5,000
HoustonFirst Corp.	Fine Arts	\$ 14,350
City of Houston	Pole Attachment Bond, Centerpoint	\$ 250
City of Houston	Public Employee Dishonesty/Crime	\$ 2,000
Parks Board	Public Employee Dishonesty	\$ 10
Library Board	Public Employee Dishonesty	\$ 10
Houston Center for Literacy	Employee Dishonesty	\$ 375
Various City of Houston Notaries	Notary Public Bonds	\$ 3
City of Houston	Special Event Commercial General Liability	\$ 1,000
City of Houston	Adverse Weather Event Cancellation	\$ 854
City of Houston	Special Event Commercial General Liability	\$ 1,000
City of Houston	Property Insurance - Floats	\$ 125
City of Houston HHS Parking Lot	Commercial General Liability	\$ 1,000
City of Houston HAS Ellington Field Fuel Resale	Airport Liability	\$ 1,000

* The property insurance is provided by insurance carriers that underwrite varying pro-rata shares of coverage that total to the policy loss limit.

CITY OF HOUSTON, TEXAS
SALARIES OF ELECTED OFFICIALS
June 30, 2015
(unaudited)

<u>Name and Title of Official</u>	<u>Authorized Annual Base Salary</u>
Annise D. Parker, Mayor	\$ 234,032
Ronald C. Green, City Controller	156,021
Brenda K. Stardig, Council Member - District A	62,409
Jerry V. Davis, Council Member - District B	62,409
Ellen N. Cohen, Council Member - District C	62,409
Dwight A. Boykins, Council Member - District D	38,000 (1)
David P. Martin, Council Member - District E	62,409
Richard A. Nguyen, Council Member - District F	62,409
Olin "Oliver" Pennington, Council Member - District G	62,409
Edward Gonzalez, Council Member - District H	62,409
Robert Gallegos, Council Member - District I	62,409
Michael H. Laster, Council Member - District J	62,409
Larry V. Green, Council Member - District K	62,409
Stephen C. Costello, Council Member - At Large Position 1	62,409
David W. Robinson, Council Member - At Large Position 2	62,409
Felix M. Kubosh, Council Member - At Large Position 3	62,409
Clarence O. "Brad" Bradford, Council Member - At Large Position 4	62,409
John R. Christie, Council Member - At Large Position 5	62,409

(1) Council Member Dwight Boykins voluntarily took a smaller salary.

CITY OF HOUSTON, TEXAS
Schedule of Credits
(unaudited)

Comprehensive Annual Financial Report:

Controller's Office

Executive/Administrative Divisions

Ronald C. Green, City Controller
Chris Brown, Chief Deputy City Controller
Roger Widmeyer, Director of Communications

Design Oversight and Writing

Financial Reporting Division

Carl Medley, Deputy City Controller
Michael Abbott, Assistant City Controller
Alicia Cai, Assistant City Controller
Rosa Henderson, Assistant City Controller
Larry Liu, Assistant City Controller
Chris Okeagu, Assistant City Controller
Maria G. Perez, Administrative Assistant
Irma Rodriguez, Assistant City Controller
Courtney Satterwhite, Assistant City Controller
Andrew Vasquez, Deputy Director
Suong "Su" Vu, Assistant City Controller
Dinah Walter, Assistant City Controller
Bonita Wright, Assistant City Controller

Preparation and Coordination

Operations and Technical Services Division

Harry Singh, Deputy City Controller
Monika De Los Santos, Assistant City Controller
Brenda Jackson, System Support Analyst
Brenda Johnson, Administrative Coordinator
Martina Lee, Assistant City Controller
Annie Nguyen, Administrative Supervisor
Nam Nguyen, Micro Computer Analyst
Daniel Schein, System Support Analyst
Lillie Stewart, Administration Manager
Anthony Tran, LAN Specialist

Consulting and General Support

Treasury Division

Charisse Page Mosely, Deputy City Controller
Han Au, Treasury Manager
Ashlee Brown, Financial Analyst
Vivien Nguyen, Senior Treasury Analyst
Lillie Nobles, Management Analyst
Asha Patnaik, Debt Manager
Catherine Smith, Senior Treasury Analyst
Asha Speights, Administrative Assistant
Martin Troupe, Assistant City Controller

Debt and Investment Management Disclosures

CITY OF HOUSTON, TEXAS
Schedule of Credits - Continued
(unaudited)

Finance Department	Preparation, Coordination, Analysis and Documentation
Kelly Dowe, Director	
Adela Bautista, Division Manager	
Silvia Diaz, Division Manager	
Joe Dumas, Division Manager	
LaToya Jasper, Deputy Assistant Director	
Isis Mathoslah, Financial Analyst	
Gloria Moreno, Deputy Assistant Director	
Nikky Nguyen, Staff Analyst	
Arif Rasheed, Deputy Director	
Thy-Huyen Ruiz, Division Manager	
Administration & Regulatory Affairs Department	Analysis and Supporting Documentation
Tina Paez, Director	
Valerie Berry, Deputy Assistant Director	
Raymond Bradford, Senior Staff Analyst	
Hannah Hoang, Senior Accountant	
Bethany Li, Administration Manager	
Denejra Milborn, Senior Accountant	
Juan Olguin, Assistant Director	
Rosalinda Salazar, Senior Staff Analyst	
Sreng Ung, Division Manager	
Houston Information Technology Services Department	SAP/ ERP Consulting, Support & Development
Charles Thompson, Director	
Sindhu Menon, Assistant Director	
Ron Headley, Division Manager	
Professional Consultants	Project Management and Design
Houston Independent School District Printing Services	
Debbie Roberts, Outside Sales Representative	
McConnell & Jones LLP/Banks, Finley, White & Co.	Independent Auditors

This schedule by no means gives credit to all of the individuals who have some part in the development and production of this Comprehensive Annual Financial Report. However, we have included the major participants who made the issuance of this document possible.

The Photographs

In October 2015, access to nonstop international air service returned to Houston's William P. Hobby Airport following a 46-year hiatus. Thanks to a partnership between the Houston Airport System and Southwest Airlines, a new 5-gate international concourse was constructed, accommodating nonstop flights to various destinations in Latin America and the Caribbean. The Houston Airport System managed the construction of several projects supporting the new terminal, including the construction of a new 3,000-space parking garage, roadway expansion and central utilities plant.

Fire Station 84 opened in April 2015 and is a new 15,400 square foot fire station with five drive-thru bays, maintenance and EMT areas, fueling island, living quarters, kitchen and lounge, exercise area, locker rooms and separate restroom/showers for the female firefighters in accordance with the HFD design standards. The project utilized the LEED™ (Leadership in Energy and Environmental Design) Green Building rating system. It is anticipated to achieve LEED Silver Certification. The station is located in the Greenspoint area north of downtown in a fast growing community. Funding (\$7,300,300) was provided by TIRZ No.11 (Greenspoint Zone).

The BARC Adoption Center is a 13,833 sq. ft. complex consisting of a new administration and kennel buildings. Total project cost is \$6,913,918: construction totaled \$6,150,000 (Houston BARC Foundation, \$2,799,000; City of Houston, \$3,351,000). This project will provide a new kennel building, and expansion of the visitors parking area. The new kennel building will utilize the LEED™ (Leadership in Energy and Environmental Design) Green Building rating system to achieve certification. The scope of work includes but not limited to 1,700 sq. ft. adoption center building for 64 puppies; 2,000 sq. ft. kennel building for 32 dogs; 7,200 sq. ft. for administration, support, public lobby, and a 2,700 sq. ft. cattery for 120 cats. Site improvements include 43 parking spaces, site lighting, landscaping, drainage, sidewalks for ATV vehicles.

Opening September 2016, the 1,000-room Marriott Marquis Houston will be connected via skybridge to the George R. Brown Convention Center. The Marquis will feature a one-of-a-kind Texas-shaped lazy river and infinity pool on an amenity deck that overlooks Discovery Green park. This will be the second major hotel connected to the convention center, joining the Hilton Americas-Houston. The George R. Brown is also undergoing major change as it adds a new grand entrance, restaurants at the front of the building, a pedestrian plaza out front, a concourse that connects exhibit halls and a new parking garage.

The \$4.7 million Miller Outdoor Theater renovation project fully restored the iconic peaked roof. Houston First Corporation operates and maintains Miller Outdoor Theatre. Miller Theater Advisory Board acts as a steward of public and private funds to provide professional-caliber performances at the venue where every seat is always free. The theater was built in 1968 and has experienced roof leaks since the early 1970s. Improvements consist of replacement for the east and west wings, a new soffit for the main sloped roof, new copper roofing material, and design modifications to prevent new leaks. The project also includes the addition of a new storage mezzanine area for theatrical equipment, catwalk improvements, electrical, lighting, and sound system upgrades.

The DeLuxe Theater, a historic African American theater in Houston's Fifth Ward, dates from the 1940s. The scope of work included renovation and conversion of the abandoned theater and adjoining furniture store to accommodate an approximately 6,500 sq ft theater for the performing arts at Texas Southern University, which includes a lobby and seating for 125 patrons and approximately 2,000 sq. ft. of storage space for the theater function, approximately 2,500 sq. ft. of shelled space with finished walls, lighting and HVAC space for future retail development by the Fifth Ward Corporation. The project will also restore the theater marquis fronting Lyons Avenue and provide surface parking for approximately 45 vehicles. The design will incorporate LEED credits to achieve a Certified Level. Total Federal Funding: \$1,060,073.

Bethel Park is the site of the former Bethel Missionary Baptist Church. The scope of work included restoration of the brick walls and window openings; installation of new metal panels and poly-resin glass panels in both the window and door openings; concrete and brick walkways; and site amenities including raised fountains, seat walls, benches, lighting, drinking fountain, fencing, landscaping and irrigation. A particular highlight of the park is the historic education panels mounted throughout the space. Visitors may sit on pew-like benches inside the former sanctuary with open access to the garden area.

ReBuild Houston has invested approximately \$714 million reconstructing Houston's aging street and drainage infrastructure since approved by voters in 2010. ReBuild Houston's pay-as-you-go financial model results in major reconstruction projects and increased maintenance without incurring long-term debt— major projects such as the \$15 million Broadway Street between I45 and Airport Blvd; the \$11.7 million Hughes Road project between Beltway 8 to the City limits; and \$21 million for a major drainage and paving project in the Shepherd Drive area. ReBuild Houston funds also go toward street maintenance and asphalt overlays.

The Julia Ideson Library Renovation: In addition to the abatement of hazardous materials, electrical, plumbing and air-handling upgrades, a new elevator and a new roof, all exterior surfaces were cleaned, missing cast-stone pieces such as roof finials were replaced, and the front plaza re-configured and re-landscaped while protecting and preserving the champion bur oaks. Inside, intricately painted and coffered ceilings in the public rooms were restored. Historic light fixtures were re-lamped and reproduction fixtures made for areas where originals no longer existed. New photo and book conservation labs were created. The Ideson Library also contains the city's largest installation of public murals completed under the Works Progress Administration program. Total funding was \$27,606,800 from the Library Capital Project Fund, Julia Ideson Library Contributions Fund, Reimbursement of Equipment/Projects Fund, General Improvement Consolidated Construction Fund, Public Library Consolidated Construction Fund, Federal Government – Grant Funded.

Photos provided by
General Services Department, Design and Construction Division
Houston Airport System
Houston First
Public Works and Engineering
Printing by HISD Graphic Services
Design by Susanne Bynum
Concept, Controller's Communications Office

